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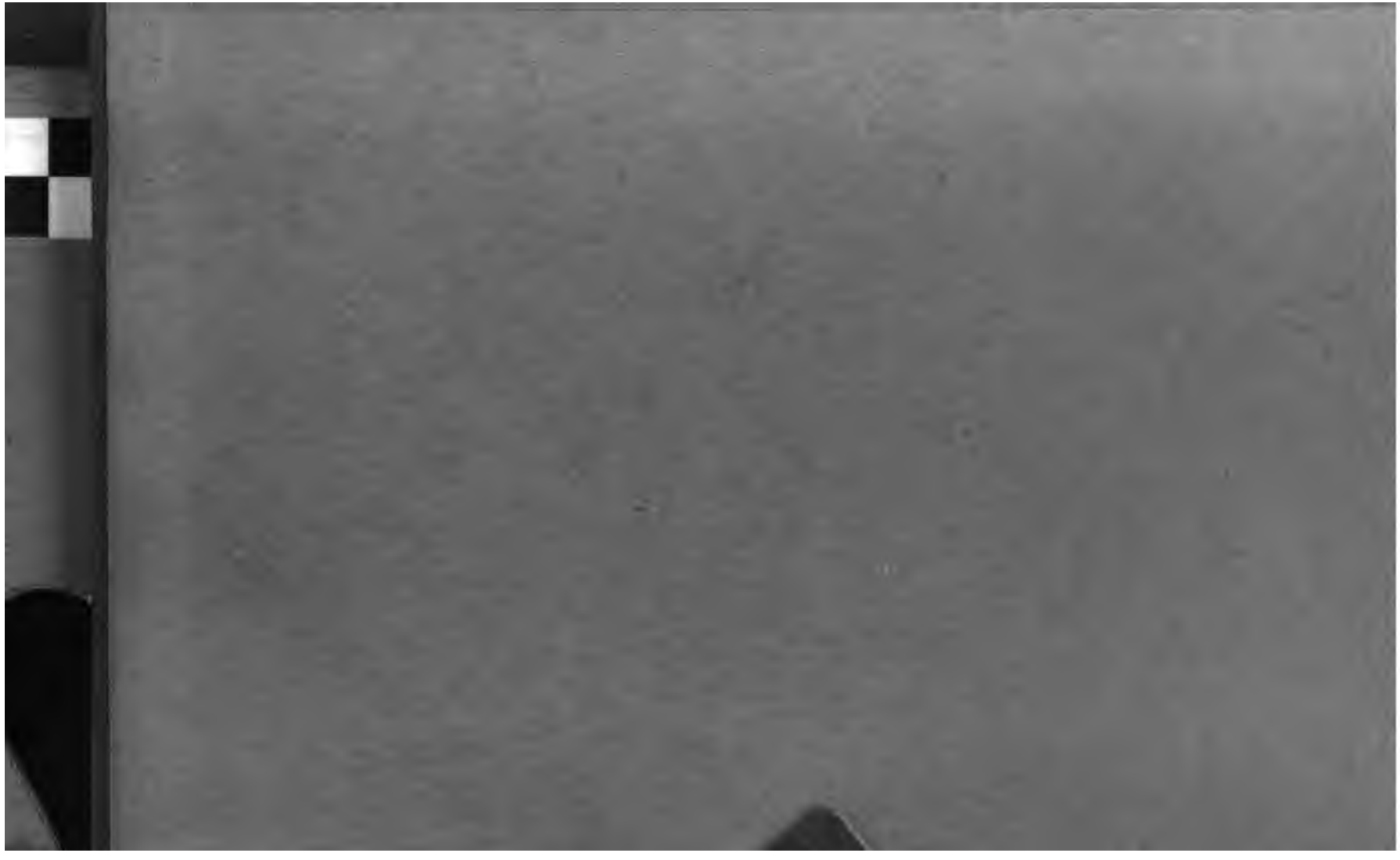

MUNICIPAL TRADING

AND

Municipal Ownership or Operation

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PUBLIC UTILITIES.

TO WHICH IS ADDED THE RETURN ORDERED BY THE LEGISLATIVE ASSEMBLY ON 12 JUNE, 1903, OF THE REPRODUCTIVE UNDERTAKINGS OPERATED BY MUNICIPALITIES IN ONTARIO.

PREPARED UNDER THE AUTHORITY OF A SELECT COMMITTEE OF THE LEGISLATIVE ASSEMBLY OF THE PROVINCE OF ONTARIO.

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PROVINCE OF ONTARIO.

Extracts from the Journals of the Legislative Assembly relating to the Appointment of a Select Committee on Municipal Trading or Municipal Ownership or Operation of Public Utilities.

TUESDAY, 12th May, 1903.

On motion of Mr. Gibson, seconded by Mr. Harcourt,

Resolved, That a Select Committee of Five Members of the House be appointed for the purpose of selecting reports of Committees on Commissions or other authorities on the subject of Municipal Trading or Municipal Ownership or operation of Public Utilities, as well as other useful deliverances of authoritative weight on these subjects, both favoring and opposing any of these systems and generally such materials as the Committee may select, and that the selections made by the Committee be printed and distributed to the members of the House in pamphlet form and that the Committee, if necessary, have power to sit and act after the close of the present Session and that publication of the material selected be carried out without necessity of previous report to this House.

TUESDAY, 19th May, 1903.

On motion of Mr. Gibson, seconded by Mr. Harcourt,

Resolved, That the Committee under Resolution respecting Municipal Ownership and Municipal Trading, be composed of Messieurs Gibson, Pattullo, Graham, Preston (Brant), Crawford, Hendrie and Murphy, and that such Committee have power to engage the services of a Secretary and incur such expenditure as may be necessary in procuring suitable material for publication.

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MUNICIPAL UTILITIES.

EXTRACTS FROM BOOKS AND ARTICLES

RELATING TO THE

OWNERSHIP AND OPERATION

OF

QUASI-PUBLIC UNDERTAKINGS.

THE CASE FOR MUNICIPAL TRADING.

In the Contemporary Review for April and May, 1903, there are articles by Mr. Robert Donald, putting the case for Municipal Trading in a very strong light. Mr. Donald is editor of the London Municipal Year Book and the Municipal Journal, and as will be seen from the articles, is thoroughly up in his subject:

Contemp. Review, April, 1903.

During the last four years a vigorous and many-sided campaign has been directed against "Municipal Trading." The indictment brought against municipalities is more general than definite; it is charged against them that:

1. The taint of corruption is creeping into authorities which manage large industrial undertakings, such as electric lighting and tramways.

2. Municipal trading is carried on at a loss; it is trading by amateurs with other people's money. It is against the welfare of the towns, and injurious to the trade of the country.

3. The undertakings are not managed honestly, the accounts are juggled or "faked," they are not properly audited. There is a conspiracy to conceal, if not a desire to deceive.

4. The municipal debt incurred for trading enterprises is increasing at a dangerous pace, and is responsible for the rise in local taxation.

5. The personnel of town councils is deteriorating; the municipalities are being nobbled by labor interests for the purpose of exploiting the propertied class and promoting Socialism.

I. THE GENESIS OF THE MOVEMENT AGAINST MUNICIPAL TRADING.

Let us first inquire into the origin of this reactionary movement and see by whom it has been chiefly promoted. Among the first to oppose the extension of municipal work were the Moderates on the London County Council, backed by the powerful company interests affected by the Council's progressive policy. The electric trades section of the London Chamber of Commerce—led by directors and officials of the electric lighting and tramway companies—took up the agitation in its earliest stages, and has pursued it without interruption. At this period tramway leases were falling in, and the possibilities of electric traction, too long delayed, were about to be realized. Schemes for electric power distribution over wide areas were promoted; a new era in electrical development was in sight; greater scope for private enterprise was looked for. But the Tramways Act of 1870, and the Electric Lighting Acts blocked the way to free enterprise. Municipalities were blamed for checking progress and for the backward state of electrical engineering. In 1899 a General Power Distribution Bill was promoted, asking for a roving commission over several counties, and met with great opposition from those municipalities whose rights and privileges it threatened to infringe. It was defeated. This defeat led to increased hostility against municipalities. The attack was kept up all over the country and through many channels. Papers were read before the Society of Arts; the London Chamber of Commerce and other agencies became more active. A Joint Committee of Parliament was appointed in 1900 to investigate the subject and report on the principles and policy which should guide Parliament in granting new powers and provisional orders to local authorities. In the same year several Electric Power Distribution Bills were introduced, and some of them passed, and contained protective clauses in favor of local authorities. Naturally the opponents of municipal trading—including the promoters of these Power Bills—promptly gave evidence before the Parliamentary Committee, stating that under existing conditions progress was seriously arrested and the interests of the country injured by the municipalities. The agitation received a new impetus by the appointment of the Committee, which was rather strengthened by the failure to reappoint in next Session. Papers were read before the Statistical and other societies, and the Institution of Electrical Engineers appointed a committee of enquiry. Newspapers were started for campaigning purposes, and others subsidized, local ratepayers' associations easily fell into line and were generally controlled by a few individuals. Lecturers were sent over the country and local agitations were encouraged. The chief technical newspapers supported the anti-municipal party and the lesser important daily and weekly press in the provinces devoted a large amount of attention to the subject, were supplied with free articles, and the more venal of the local papers fed by paid letters. The press campaign may be said to have reached a climax last year, when the Times devoted a large amount of space to "Municipal Socialism."

While this bold frontal attack has been going on against the citadel of Municipal Ownership, there have been many insidious flank movements, followed by efforts to capture the councils from within by electing men whose main purpose was to destroy the usefulness, or lower the efficiency, of departments already at work, and to prevent the extension of municipal functions. The attacks came from various quarters and all parties were brought into line—alike the astute company promoter seeking fresh fields for capital, and the academic opponent of collectivist extension, anxious to get new arguments in support of his waning cause; alike the timid politician, fearful of change, and the local tradesman alarmed at the growing rates. There has thus been a vast and somewhat incongruous community of interests at work, which has had some strange

development. People, for instance, of one district concerned themselves not only with their own affairs, but extended their sympathy and their actions to widely separated places. Thus the Tunbridge Wells Ratepayers' League developed a keen interest in the affairs of Glasgow, while emissaries from Glasgow turned up at Plymouth to propose and second resolutions to a local trades protection society.

By approaching the question on the narrowest grounds, the leaders of the movement have had little difficulty in enlisting a large amount of sympathy in many towns. Trading interests, great and small, the ambitious tramway company and the local gasfitter, have, one and all, been told with reiterated emphasis that the irresistible municipal trader would swallow up their business. The builders were warned that municipal housing would make building unprofitable; the local plumbers were frightened by the prospect of opposition; there would be no more private enterprise in contracting, paving, fire insurance; no more icemaking or brick-making, and other industries not yet threatened were warned to prepare for their fate. The insatiable municipal trader is personified as a kind of vampire, spreading desolation over the land. The members of municipalities are spoken of as cliques, coteries, amateurs, who dabble in trade experiments with other people's money, and who appear to seek positions on municipal bodies with only one interest to serve—their own—and with only one object in view—the ruin of the trade and prosperity of their towns.* The leaders of the movement against municipal trading have been compared with Cobden and Bright—engaged in the great patriotic work of freeing industry from the new bondage.

What has been the effect of this agitating, pamphleteering, lecturing, debating, this outpouring of anti-municipal literature and widespread campaigning? What sort of a case has been made out? Has progress been checked? Has the trend of municipal work been turned in other directions? Has the wicked municipal trader been brought to book, if not to the dock? Has the great fabric of local government institutions in the country been rendered less stable, or lost in reputation, power or influence? Strange, to say, none of these things have happened. The municipalities have come out of the ordeal stronger than ever. More progress has been made in municipal trading during the five years since the campaign began than in any previous ten years. No widespread, or even limited corruption has been proved, no cases of jobbery exposed. The integrity of the officials, the honesty of administration have alike remained untainted. Mistakes, to be sure, there have been. How could such hundreds of public bodies, managing great undertakings, involving a vast expenditure, dealing with many complicated and difficult problems, exist without making mistakes? But under the full gaze of public opinion mistakes are soon discovered, and short-sighted policies soon reversed.

One effect of the agitation has been increased vigilance on the part of town councils. The free and open system under which business is conducted makes it impossible for abuses to remain long unexposed, and they have only to be made known to be remedied. There has been an increasing determination to probe every suggested case of conflict between public and private interests and to maintain the highest standard of public

*Mr. Dixon H. Davis, in a paper read at the Society of Arts, on 30th January last, on municipal trading, gave prominence to the following:

"Self-interest the Motive.

"The truth is that the pushing of municipal trading, like any other trading, is left to those persons who are interested in it. Self-interest remains the motive, notwithstanding all the parade of civic patriotism. Self-interest competing in open rivalry is a most useful commercial virtue. Self-interest masquerading in the ermine of impartial authority, intriguing up the back stairs, and demoralising the impartiality of voters, is a corrupting and degenerating influence.

"The Lord Chief Justice presided over the meeting at which this gross libel on members of municipal authorities was read, and congratulated Mr. Davies on the 'exceptional merit' of his paper."

morality. In 1900 and 1901 committees were appointed by a number of towns to investigate cases of alleged corruption. The inquiries were made all the more severe, because in some cases party interests, personal feelings, and politics were involved. Still there was no serious outcome. Several members resigned, but not because they had committed any act not permitted under the law. The Municipal Corporations Act of 1882 does not disqualify members because they may be shareholders in a limited company doing business with the public authority on which they serve, but most municipalities now insist on more stringent conditions.

As I have said, these inquiries discovered nothing serious, as the following examples will show. At Brighouse a councillor was found guilty of delivering stone "setts" to the order of a corporation contractor. An elective auditor at Darwen demanded the resignation of a Councillor because he held a share—amounting only to £5—in a limited company doing business with the corporation, and the member did resign, although the Council remitted the fine imposed. Blackpool instituted an inquiry covering a period of three years, and found that three members were directors of limited companies, which had dealings with the corporation amounting to a total of £32, and that two members had sub-contracts in the building of the town hall. The Finance Committee of Leeds City Council held a thorough investigation into charges against members for trading with the Council. The inquiry, for party reasons, was timed to take place during the elections in 1901. A number of instances of members supplying goods as sub-contractors was revealed, and one councillor had supplied direct, but at once stopped tendering when the town clerk pointed out that he was disqualifying himself. All the goods were supplied under tender, so that the Council presumably lost nothing in accepting the lowest. Nothing came to light which was not known to other members or the chief officials. There was no concealment about the fact that members, as shareholders in limited companies, held sub-contracts. The Chairman of the Improvement Committee held £100 in shares in a company, part of whose property was required for a new street, but he made known his interest and retired from the chair when the purchase price was settled. The inquiry covered officials as well as members, and it was found that the city engineer had improperly charged 8s. as cab fares, with the extenuating circumstances that he did so under a misunderstanding. Leeds Corporation did not lay down any new conditions to insure greater purity in the future. Other councils have adopted a more stringent course. Thus, Burnley Council, concerned about the civic virtue of its members, held an inquiry, with the negative result that "there was no reason to suspect any member," but with the positive recommendation that "it at the same time considered it desirable that members of the Council should be careful to keep themselves absolutely free from the possibility of any imputation." Halifax Council was not so exacting, but on finding that some members were directors and shareholders of companies trading with the Corporation, declared that it was wrong for any councillor to hold more than 10 per cent. of the capital in a company trading with the Corporation, or to lend money to anyone who was interested in a company, beyond that extent. An incident in Huddersfield which led to an inquiry shows that there are various means by which irregularities are brought to light. A manufacturer of gas stoves found that the Chairman of the Gas Committee, the gas engineer, the deputy manager and the showroom clerk were all shareholders in a rival trading concern, which, it was suggested, was favored. No preference or unfairness was proved, but the interest of the Chairman and the officials as shareholders was admitted. The shares had been bought and the full price paid for them. The Council's decision was that the Chairman was quite within his rights in holding an interest in limited companies. It was not unnatural that the officials should invest in companies

connected with the gas industries, but the Council ordered them to sell their shares, and it was recommended that "it should be a general instruction to the officers and officials of the Council not to hold any share or interest in companies or concerns with which their business department had business relationships."*

The most important result of all the numerous inquiries instituted by municipalities to clear themselves of suspicion, and the one which carried the standard of municipal purity furthest, was the case of Alderman Lloyd Higginbottom of Manchester. Mr. Higginbottom was Chairman of the Electricity Committee. After an exhaustive investigation, it was found that the firm of engineers in which he was a partner had acted as sub-contractors to others supplying the Corporation with goods. For instance, his firm supplied electrical engineers all over the country with cranes and portions of cranes, and in the ordinary course of business sold goods to a company holding contracts with Manchester Corporation. Probably Mr. Higginbottom did not know of this indirect trading, and he could not very well have stopped it if he had. He was also Chairman of an electric works company, which had supplied a few fittings—a small proportion—for exhibition in the Corporation's showrooms. On one occasion a tender was opened from this company when Mr. Higginbottom was in the chair, and he refused to allow it to be considered. On one occasion a foundry company, in which he was interested, sent in a tender for work, and only received a small contract. A tender of £24 for scrap iron was received from the company when Mr. Higginbottom was in the chair, and he objected, as before, to its consideration, but the committee disregarded his protest and accepted it, as it was the best offer. Briefly these were the charges brought against Alderman Higginbottom. The Corporation found that Alderman Higginbottom's action with respect to all the sub-contracts entered into by his firm—amounting in all to £4,329—"had been altogether improper and such as they could not justify, having regard to his position on the Electricity Committee, the Gas Committee and as a member of the City Council." Alderman Higginbottom, after this censure, had no alternative but to resign. His punishment was all the greater, as he was just on the point, after ten years' service to his city, of being elected Lord Mayor. It was perfectly clear that in all the transactions Mr. Higginbottom had no thought of personal gain. He must have lost much in a material sense by the time and labor he gave to the city; there was no suggestion that the city had lost, as all supplies are by tender and the lowest is invariably accepted. The Corporation's decision meant that no one can serve the city who is a shareholder in a company dealing directly or indirectly with the municipality. This carries the standard of municipal purity to such a length that the council may be deprived of the services of some of the best business men. Alderman Higginbottom was just the sort of business man whose experience and capacity were valuable to the Corporation, and most men of his position in the commercial world must be shareholders in companies with which it would be to the advantage of the Council to deal, directly or indirectly. The Municipal Corporations Act of 1882 has provided exemption in such a case, and since then the joint stock system has greatly extended to industrial concerns. The Manchester precedent would disqualify an importer of wood for a seat on the Council, because his firm had supplied a cabinet manufacturer with raw material, who had sold goods to a merchant, who in turn had supplied a corporation contractor with fittings for

*Huddersfield Improvement Act. 1871, contained a provision limiting the dealings of members with the corporation to £100 per annum. Now the Standing Orders forbid any member or official dealing with the corporation at all, and go further and preclude any officer or servant purchasing goods from any member or other officer. It is the duty of the Borough Treasurer, and the Corporation Auditor to report forthwith any breach of this order.

a library. Were such a stringent code of public morality applied to Parliament it would be impossible for the present members, or almost any others who could be elected, to pass any railway legislation, deal with the land laws, give orders for the navy or army, or contract any of the other business affairs of the nation. I refer to these local inquiries for the purpose of showing how little they revealed and how high is the code of public morality generally maintained. As I have said, the system under which the business of municipalities is conducted makes it difficult for abuses and irregularities to arise, and impossible that they should remain long unexposed. The citizens' auditors are always on the alert to discover small extravagances. They can call for every invoice and check every payment. Their exposures have chiefly related to the cost of civic functions, including banquets, refreshment allowances, travelling expenses of deputations, and it is another healthy sign that a check is maintained in items like these.

Curiously enough the most active opponents of municipal trading do not condemn the chief dangers which threaten municipalities. They never see the taint of corruption in the presence of representatives of the drink trade on the town councils, or on the magisterial bench. They do not assist reformers in purifying police forces when brewers and publicans make their demoralizing influence felt in these services—which they frequently try to do, and sometimes succeed in doing. When the Times correspondent went to the East End he was shocked at "the social standing of the individuals by whom the local affairs of Poplar are administered," and was pained at the discovery that Mr. Will Crooks, the "Labor Mayor," the hero of the Woolwich election, was guilty of the crime of living in a house rated at £11. He measured the honesty of the councillors by the amount of rent which they paid, as if self-sacrifice and social service were the monopoly of the wealthy. And while he sneeringly wrote of the "triumph of democracy" in Poplar, and insinuated thtat the councillors had an interest to serve because they were poor, he conveniently overlooked the triumph of the publican on a neighboring council, where the Mayor was a brewer, and eleven councillors were publicans.

Nor do we find the enemies of municipal trading condemning contractors who are found scamping work. They see no conflict of interest in the presence of councillors on the board of a local tramway or electric lighting company. In fact, the chief aim of a company which owns electric light, tramway, gas, or any other local service, is to induce members to take an interest in the concern or become directors. We find that the National Telephone Company has influential aldermen or councillors on its local boards in some towns, and the same system is practiced by most other large companies, including the British Electric Traction Company, which, through its directors and officials, carries on an uncompromising attack on municipal trading. The dual position of director and councillor is one which should not be tolerated. It is infinitely more serious than that of a member suppying goods by tender to the Council, or acting as a sub-contractor to another, which secures business by competition. While, however, the minor offence is condemned, the greater is usually left unchallenged. A company, whether supplying gas or electricity, or operating tramways, is in constant relations with the municipality and the people. Councillors are elected to represent the people, and should not, therefore, serve on the boards of companies which supply the people with necessary public services. Even if they do not vote in the Council when their company's interests are discussed, they are there to exercise an influence antagonistic to the position of a public servant. In a number of towns where the councillors controlled the gas companies, they have delayed the introduction of electric light by the Council or another company. It may be said that the councillors are to blame for succuumbing to the temptations held out to them,

and, on the other hand, it could be argued that the absence of the company would remove the temptation. Complete municipal ownership of all public service monopolies, the working of which is inextricably bound up with the interest of the people, both as ratepayers and as consumers, would certainly limit the scope for abuse and for conflicting interests. It would also limit the councillor's opportunity as an investor, although the municipal tramway or electric light stock, with its certain and unvarying return, would be ready as a substitute for the more uncertain but higher dividend from a company.

On the whole we have reason to be proud of the probity of our municipal administrators, whether members or officials. Demoralizing influences are at work, which sometimes threaten to strain their integrity, but remarkably few are found to waver in their loyalty to the public welfare. The self-sacrifice of men to the calls of social service is one of our noblest national characteristics—the best proof of the moral vitality of the people. Members of municipalities are generally working throughout as hard and as disinterestedly to promote the good government of their towns as ever they did to further their business or professional interests. The best evidence of the wholesome and healthy condition of municipal life is the fact that, notwithstanding these numerous attacks and inquiries, little has been brought to light to the detriment of the governing councils. What national organization could have gone through such an ordeal with a less sullied reputation? Had such a vigorous campaign, inspired in many cases by jealous and self-seeking advocates, being directed against any of the great departments of State—the Post Office, the Board of Trade, the Local Government Board, to say nothing of the War Office—would they have come through the same severe test? The railway directors have been among the keenest opponents of municipal ownership. Could the railway companies, which work largely in secret, and resent inquiries from their own shareholders, have withstood the same insidious attacks and the same searching inquiries, without disrespect? The railway companies have also been attacked during the last few years, but the criticism in their case has been intended to stimulate improvement. The main object of the opponents to municipal trading has been destructive. There has been no desire to see greater efficiency—which would only add to the danger: the hope and the aim has been to disparage, discredit and destroy.

III. DOES MUNICIPAL TRADING PAY?

The charge that municipal trading is carried on at a loss—at the expense of the rates—is frequently made, but cannot be justified. Critics who make the statement confine their evidence to isolated cases of temporary loss—chiefly in connection with new undertakings. The Return recently issued by the Local Government Board on "Reproductive Undertakings" during the last four years ending March 1902, shows that on a purely commercial basis municipal control can challenge comparison with company management. The chief figures in the summarized result in the Return are given on the following page.

RETURN ISSUED BY THE LOCAL GOVERNMENT BOARD ON "REPRODUCTIVE UNDERTAKINGS."

Undertakings.	Capital at the 31st March, 1902.					Average annual income.	Average annual working expenses.	Gross profit.	Average annual repayment of principal.	Average annual payment of interest.	Average annual amount set apart for depreciation.	Average annual net profit or loss.
	Total capital (inclusive of borrowed capital) provided by corporations.	Amount of capital borrowed.	Amount of capital borrowed which has been paid off.	Balance of capital borrowed which was outstanding at 31st March, 1902.	Amount in sinking funds or loan funds on 31st March, 1902, in respect of capital borrowed.							
	£	£	£	£	£	£	£	£	£	£	£	£
Waterworks	56,943,016	56,167,879	6,611,162	49,556,717	1,678,337	3,186,965	1,154,309	2,032,756	395,198	1,520,164	27,266	90,128
Gasworks	24,028,116	22,757,422	4,259,835	18,497,587	1,334,007	5,833,360	4,465,625	1,367,735	281,366	661,572	79,972	394,825
Electricity supply	12,508,997	11,764,723	571,944	11,192,779	398,636	1,136,455	662,559	473,896	204,737	260,896	19,970	*11,707
Tramways :—												
1. Owned and worked by the corporations	8,610,573	8,396,729	470,747	7,925,982	368,459	1,394,925	971,550	423,375	131,240	160,837	49,394	81,904
2. Owned but not worked by the corporations	1,140,580	1,047,012	400,070	646,942		88,392	29,361	59,031	24,464	16,240	913	17,414
Total (tramways)	9,751,153	9,443,741	870,817	8,572,924	368,459	1,483,317	1,000,911	482,406	155,704	177,077	50,307	99,318
Markets, etc	6,181,080	5,685,129	1,758,458	3,926,671	293,766	551,946	226,764	285,182	74,780	126,120	500	83,782
Baths and washhouses	1,988,340	1,708,490	475,831	1,232,659	111,735	135,692	188,351	*52,659	37,048	35,245	.....	*124,952
Burial grounds	2,382,305	2,295,765	982,360	1,313,405	101,118	156,897	138,665	18,232	39,170	42,846	.....	*63,784
Working class dwellings	1,253,692	1,204,375	114,035	1,090,340	44,359	40,030	23,512	16,518	16,522	26,974	.....	*26,978
Harbour piers, docks and quays	5,421,827	5,408,135	471,319	4,936,816	293,226	379,002	239 614	139,388	52,049	160,564	4,499	*77,724
Other reproductive undertakings	713,946	597,264	130,758	446,506	21,182	137,047	88,496	48,551	7,970	14,448	10,760	15,373
Total (all undertakings mentioned above	121,172,372	117,032,923	16,246,519	100,786,404	4,644,895	13,040,711	8,228,706	4,812,005	1,264,544	2,975,906	193,274	†378,281

* Loss. † Net profit.

The result is being represented as signifying a paltry profit of less than a third per cent. on the capital expenditure, but this statement is obviously unfair, as the profit—in the commercial sense—includes the interest paid (£2,975,906) on the capital outstanding equal to 3 per cent., while sinking fund charges and depreciation, amounting to £1,457,818, were equal to 1.4 per cent. on the capital. The Local Government Board presents the Return in a form calculated to mislead the inquirer and also to misrepresent municipal trading. The officials were no doubt bound to keep within the scope of their reference, but a word from Mr. Long may alter the form. I allude, for instance, to the absurdity of including baths under the head of "reproductive undertakings," and then deducting the loss from the profits of the trading enterprises before showing the final results. Public baths are part of a sanitary administration. They were never intended to bring a profit, and any attempt to make them self-supporting would destroy the purpose for which they are established—to provide baths for the poor who are unable to have them in their own homes. If the municipality did not provide baths for the poor none would exist.

Wash-houses, which are coupled with baths, represent only a small amount of capital and are started more for reasons of health than profit. It will be seen that the loss on baths averages £124,952 a year, and it is improper to deduct this amount from the profit on the industrial enterprises, as the loss on the baths would have to be made good from the rates had there been no water, gas or tramway profits to fall back upon.

Burial grounds are pretty much in the same position as baths—they should not be expected to bring a return in profit. Burial grounds include old disused graveyards and also new cemeteries, which are laid out like gardens. Municipalities have been obliged to provide new cemeteries because private enterprise has failed to do so. The disposal of the dead is not a matter which it is wise to leave to unrestricted private enterprise. I am not aware that it has been suggested that municipalities—acting as Burial Boards, among the oldest of our institutions—owning cemeteries, should make a point of levying a death tax to create "reproductive undertakings."

Harbors, piers, docks and quays are represented as losing £77,724 a year. Piers and quays include embankments and sea walls, which are in the nature of public improvements. The Return does not include the chief docks and harbors, such as those on the Mersey and the Tyne, at Southampton and Dover—as they are not managed by municipal corporations, but by public trusts. The losses are accounted for chiefly by Preston and Bristol. Preston draws £30,000 from the rates every year to maintain the navigation of the Ribble in the interest of the trade of the town, and this sum is the loss represented in the Return. Bristol considers that it pays the city indirectly, by maintaining its growing position as a port, to lose £25,737 a year on its docks. The expenditure is "reproductive" enough, but is indirect and widespread in its benefits. Thus we have the loss of £77,724, largely produced by two towns, and if the people of Bristol and Preston were asked, they would probably say that the "loss" was about the last part of their municipal expenditure which they would like to save.

Among the "miscellaneous reproductive undertakings," which show a net profit of £15,373, are found bridge tolls, cold stores, Doncaster race course—which relieves the rates in that town to the extent of 1s. 3d in the pound—the Spa Concert Rooms at Harrogate, which are maintained as an attraction to the mineral springs, the Sunderland marine lakes, the Bradford Conditioning House, etc.

There is still the case of housing which involved a loss. The figures show that little has been done in the way of housing and the present conditions under which slums are cleared and loans granted for housing make it difficult for municipalities to re-house at a profit, but the larger schemes are now more than self-supporting, including the dwell-

ings erected by the London County Council, which has done more housing than all the other local authorities together.

Viewing the Return solely from the point of view of municipal trading, we should confine ourselves to the great industrial undertakings, gas and electricity supplies, tramways, markets, and probably also water. The gross profit on these undertakings works out as follows :—

	Capital outstanding.	Average gross profit.	Per cent. of gross profit on capital.	Average net profit.	Per cent. of net profit on capital.
	£	£		£	
Waterworks	49,556,717	2,032,756	4.0	90,128	.1
Gasworks	18,497,587	1,367,735	7.3	394,825	2.1
Electricity supply	11,192,779	473,896	4.2	11,707	.1
Tramways	8,572,924	482,406	5.6	99,348	1.1
Markets	3,926,671	285,182	7.2	83,782	2.1

These figures, satisfactory as they are, do not represent to the full the success of municipal management. Take, for instance, the return on electricity supplies ; the Local Government Board gives the maximum amount of capital at the end of March, 1902, but during the four years covered by the return no fewer than 62 undertakings were started out of a total of 102. It is well known that electricity supply works cannot reasonably be expected to make a profit during the first or even the second year of the undertaking, and in this respect the municipalities are seriously handicapped. They have to lay down a new work of mains equal to meeting a supply which has to be developed. They have to spend capital in acquiring sites and building stations, and have to pay interest as soon as the loan is incurred, and also sinking fund charges towards its extension, sufficient to pay off the debt in 25 years. Roughly speaking, the capital, as soon as it is spent, has to bear a burden of over 5 per cent., and this for a period of from one to two years before the undertaking is in a position to earn any revenue, to say nothing of a profit.* Companies, of course, are not handicapped in the same way. Yet we find that the Local Government Board has included in the Return a number of undertakings which were started within the year, some of them only having been work-

*That municipalities supply electricity cheaper than companies is shown by the following table, taken from the "Manual of Electrical Undertakings," edited by Mr. Emile Garcke, Managing Director of the British Electric Traction Company, and one of the leading opponents of municipal ownership:—

Year.	No. of undertakings.	Revenue from sale of current.	Working expenses.	Profit.	Per cent. of profit on capital expended.	Price of current per unit.
		£	£	£		d.
Municipalities:						
1900-1	75	988,404	555,682	432,722	4.90	4.06
1901-2	97	1,477,087	923,246	553,841	4.30	3.82
Companies:						
1900-1	43	1,053,291	580,548	472,743	5.45	5.26
1901-2	43	1,180,354	702,121	478,233	5.00	4.94

ing a few months. The revenue from these undertakings was not spread over the four years covered by the Return before the average was struck, but, nevertheless, the large amount of capital against them was not in a position to be remunerative. If we deduct from the Return the undertakings which had been running for less than a year, the loss of £11,707 shown in the Return is transformed into a profit of £11,786.* As a matter of fact, the return on the capital invested in municipal electricity works all over the country works out almost exactly the same as in company undertakings. Municipalities, however, charge an average of one penny per unit less for the supply. Almost all the large towns outside London have now municipal supplies, the chief exceptions being Newcastle, Oxford, Northampton, Cambridge, Preston and Bournemouth. A number of towns, rather than allow the electricity companies to have their run of 42 years, when they can be acquired at the price of their then value, are anxious to obtain possession now before the monopoly in light develops. Thus, in recent years, Liverpool, Manchester, Sheffield, Southampton, Leeds, Birmingham, Eastbourne, Exeter, Hastings, and a number of smaller towns have bought out the companies, in most cases at a heavy premium. Just now Norwich and Dover are in process of transfer, and the Borough of Marylebone has been compelled by an Act of Parliament which it promoted, to buy that portion of the Metropolitan Electric Supply Company's works, which lies within the Borough. No municipality has had to pay such a heavy penalty for its short-sightedness in allowing an electric lighting company to be established. Marylebone will pay nearly a million for goodwill and as compensation to the company. Under these conditions it will require most efficient management on the part of the Marylebone Borough Council to make its new municipal possession pay.

The extension of electric traction is proving a most important factor in the development of municipal electricity works. The two departments work admirably together, the tramways taking a large and growing supply during the day, enabling the current to be produced under the most economical conditions. It is probable that, before long, some of the best managed municipalities will be supplying current for lighting at the average price of two pence per unit, and making their tramways profitable with universal half-penny fares.* The newest municipal enterprise—the ownership and operation of tramways—promises to be the most successful. There has been an unprecedented development during the last few years. When the previous Return on municipal undertakings was published in 1899, the capital invested in municipal tramways stood at £3,213,654; it is now £9,754,453, an increase of 203.5 per cent. The revenue has increased from £133,392 to £482,406, an increcrease of 219.7 per cent. The profit increased from £133, 392 to £482,406, an increase of 261.6 per cent. The net surplus, after paying interest and sinking fund charges, etc., for the five years up to 1899 was £32,687; the average is now £99,318, an increase of 203.8 per cent. And yet no fewer than 30 out of the 45 undertakings in the return are less than four years old—most of them are less than two years— and have been passing through the transition period of transformation from horse to electric traction and extensions when traffic was interrupted and the full earnings powers not attained.

*The following undertakings were started in 1901, and show losses, viz:—

West Bromwick	£1,404
Southend (July)	532
Lowestoft	1,393
Devonport (May)	1,267
Tynemouth	1,537
Wrexham	460
Colne (September)	688
Grimsby	2,014
Accrington	1,705
Heywood	149
Warrington (May)	271
Wigan	2,300
Keighley	2,519
Reigate	3,078
Worthing (September)	460
Luton (July)	1,428
Peterboro'	1,148
Total	£22,393

*The average fare in Glasgow is now .80d, in Sheffield .92d., in East Ham .69., in Ayr .79d., in Aberdeen .75d.

The success of municipal water and gas works has long been established and is further emphasized by the Return.*

To present the municipal case fully, it is necessary to go beyond the figures in the Return and to make comparisons with companies and inquire into charges and services. It is suggested that municipal enterprises do not bear their complete establishment charges : that they may get part of the town clerk's, the surveyor's and the solicitor's services without payment. As a rule the departmental accounts are kept distinct. The Local Government Board's Return contains a table showing what general legal and establishment charges are set against the trading enterprises, and another column shows the amount of transfers from other departments for supplies. Neither return is complete, but the balance is probably in favor of municipal trading departments, as it often happens that nothing is credited to them for supplies. Thus, the water department frequently supplies water for public purposes—flushing sewers, road and garden watering, fountains, public baths, fire brigade—at a nominal cost, or partly free. Companies charge for all such supplies. Municipal gas works rarely make any charge for meters —which companies always do—and in a number of towns, including Bradford, Oldham, Rochdale, Rotherham, no charge whatever is made for street lighting. Were municipalities to impose the same charges as companies their accounts would show still better results. Thus Bradford gas department supplied the streets last year with 111,017,000 cubic feet of gas free. At 2s. per 1,000 cubic feet this amounts to £11,101. The grant of free meters to consumers (64,247) was also worth several thousands of pounds. Manchester Corporation, for instance, makes no charge to its 136,920 consumers for meters.

The Liverpool Gas Company charges from 2s. 8d. to £1 11s. 6d. for meters. Taking the low average of 5s. and imposing it in Manchester, the additional profit would be £34.-230 a year.

FURTHER FROM MR. DONALD.

Contemp. Review, May, 1903.

It has now been decided thtat another Joint Committee of Parliament shall be appointed to continue the inquiry into Municipal Trading begun in 1900. In supporting the re-appointment of the Committee, the Prime Minister took a comprehensive and moderate view of the position and touched upon the chief problems which require investigation. He felt some uneasiness because municipalities were now employing labor on "a very large scale"—which was "a very interesting and very important development in social life" —and asked if we could view with "absolute serenity and indefinite increase in the position of the municipality as an employer of labor among its own constituents." He also showed the need for some definite policy to enable, or to prevent, one municipality trespassing for certain purposes into the areas of its smaller neighbors. He raised the point whether the municipality should be allowed to continue or to extend the system of carrying on subsidiary industries in connection with its chief supplies, mentioning incidentally the manufacture of electrical fittings. He also touched on the effect of municipalization on invention, and said he doubted "whether there would be much invention when everything is municipalized." These subjects, which were only dealt with imperfectly by the former committee, certainly deserve further inquiry.

*The late Sir Courtenay Boyle, of the Board of Trade, submitted the following figures to the Parliamentary Committee on Municipal Trading:—"The average receipts per 1,000 cubic feet of gas sold was in the case of local authorities 3s. 0.4d., as compared with 3s. 6.2d. received by companies." He could have added that the municipal gas is of higher illuminating power, that municipalities do not charge for meters, and in a number of towns no charge is made by the gas departments for public lighting. The difference in receipts last year, 3s. 4¾d. per 1,000 cubic feet by the municipalities compared with 3s. 11¾d. by companies, was equal to the sum of £1,270,499 in favor of municipalities.

SUBJECTS FOR INQUIRY.

There are many who recognize that a danger exists in the growing number of municipal employees who may take part in electing the authority which governs, and, at the same time, employs them, but one hardly expects Mr. Balfour to feel apprehensive on that account, seeing the Government Education Act has added largely to the number of persons employed by the municipal authorities. The two departments of civic life in which employees are increasing in number most rapidly are in connection with tramways and in the extension of direct employment. Up to now all the municipal employees have not appeared as an organized force at election times, nor have they endeavored to exercise any unreasonable pressure on their employers. Their number is still an insignificant proportion of the total working population. They are not one united body. Their interests differ. Policemen may have a fellow-feeling for the firemen, but are not interested in sewermen. The sewermen and scavengers are not concerned with the attendants at lunatic asylums, the mechanics under the electrical engineers have no community of interest with the staff of technical schools, or with the employees of the parks department ; the tramway conductors and motormen belong to quitie a different class from the painters and carpenters. Attempts have been made to organize all the employees in one town under one union, but without success. Such an organization might possibly arise and endeavor to exercise undue influence at election times, but it is certain that any abuse would be promptly checked. It has been suggested as a means of protection against any possible danger that municipal employees be deprived of their rights as citizens. This is a far-reaching proposal which would logically involve the disfranchisement also of civil servants. There is no reason why such extreme measures should be necessary. The working classes are sufficiently alive to their interests to refrain from doing anything which would provoke reaction.

There is another safeguard besides the divergency of interests represented by the various employees. It will be found on inquiry that a considerable number of them reside outside the area of the authority which employs them. Municipal institutions such as sewage works, asylums, hospitals, waterworks, are generally outside the boundaries of the towns to which they belong, and the employees naturally live in these suburbs, where houses are cheaper. Gas works are also invariably on the outskirts of the towns ; while mechanics, foremen, and other well-paid employees with moderate hours and subject to good behavior, continuity of service, live where other well-to-do workmen do—in the suburbs.

Mr. Balfour felt that municipalization had a chilling influence on invention. The newest municipal enterprise, in connection with which invention has the greatest scope, is that of tramways, and up to now municipal tramways have given the most encouragement to new methods. Mr. Balfour said : "I fear we shall see the same kind of stagnation as takes place in enterprise where there is no competition." But whether municipalities or companies manage tramways or electric lighting, there is equally no competition : in both cases there is a monopoly, with this difference, that the municipal monopoly is subject to the stimulating influence of public opinion. It is also there presumably in perpetuity, while a company has only a limited tenure and must seek immediate gain rather than build up future assets. All the pioneer work, up to now, has been on the side of municipal tramways. This month the London County Council will open the greatest system of underground electric traction installed in Europe. It is a system which contains some new features, and, it is believed, some improvements. Bournemouth Corporation has already a short conduit system at work. Other municipalities have experimented with surface contact systems. No company has offered anything up to now but the overhead trolley, simply because this system, while not the best, is the

cheapest, and a company cannot be expected to consider civic interests or aesthetic reasons. Nor would it be reasonable to expect that a tramway company, with its limited life should encourage invention. Any system of lease, short or long, must necessarily retard progress. During the latter part of the company's lease its main anxiety is to write down its plant as much as possible and to curtail capital expenditure. It might be said that this result is a reason for granting long leases under easy conditions—a course which no municipality is likely to adopt or any Parliamentary Committee to recommend.

Perhaps the most important subject on which Mr. Balfour touched was the desirability, or otherwise, of municipalities trading outside their own areas. In this and in his other suggestions he was only referring to the main lines of the attacks against municipalities. "I should be disposed to think, speaking with imperfect knowledge," said Mr. Balfour, "that there ought to be a very great extension of this trespassing action on the part of certain monopolies." Here again the chief matter at issue is the extension of tramways. Difficulties have been placed in the way of extension of municipal tramways from one great centre, such as Manchester, Liverpool and Glasgow, to the smaller suburbs outside. It is the custom, in other departments of municipal work, for the larger municipality, in the interest of general efficiency and economy, to supply certain wants to its smaller neighbors which, with the larger city, form one homogeneous community. Cities, for instance, combine for the disposal of sewage, for the provision of parks, hospitals and other non-reproductive purposes. The large cities supply many of their smaller neighbors with water; they also supply gas, and to some extent electric light. As an example, the Manchester corporation supplies over fifty districts with water, and sixteen townships with gas. Its neighbor, Salford, which takes its water from Manchester, supplies nine towns with gas. Manchester has also taken over the provisional orders for electric lighting for a number of suburban towns. Developments, however, in the extension of tramways on the same principle have been seriously hampered by local jealousies and opposition from companies. The municipalities are themselves in some way to blame. Manchester and Salford have continued to wrangle over their tramway rights for a considerable time. Leeds and Bradford showed much jealousy over the possession of a light railway linking the two cities together. The chief difficulty, however, has arisen from the action of the Light Railway Commissioners and the jealousies and short-sighted policy of the smaller local authorities.

The important question of interurban communication has not yet been considered by Parliament. In granting powers for one municipality to trespass in the area of others, with their consent, Parliament has not followed any general principle. It has prescribed in some cases that no profit must be made on the outside lines; in others it has allowed payments to be made which leave a margin of profit. The advantages which must follow from any great urban centre, such as Leeds, Manchester or Glasgow, bringing its dependent suburbs within the same tramway system are obvious.

Municipalities are naturally handicapped in competing with companies for possession of the suburban traffic. They cannot adopt the same methods—distribute favors or canvass for support to obtain the concessions. They may be unable to offer the same rent, as they have more regard for future developments than immediate profit. By playing one suburban area off against another and provoking jealousies between them all and the parent city, a company frequently succeeds in disorganizing the whole service by breaking it up. How to give the parent city greater facilities for extension, without sacrificing local interests, is certainly a problem which requires the attention of Government departments and Parliament; and when it is found impracticable to

get united municipal action, the question whether greater facilities should be given under other conditions to private enterprise to develop a harmonious system should be considered. Up to now the loose policy adopted by the Light Railway Commissioners enables companies to tie up local authorities for 30 or 35 years or more, and leaves municipal purchase doubtful at the end of the period by the introduction of a clause providing that no single authority in the group has the right to purchase unless all the authorities involved take simultaneous and united action. This condition means that if one authority stood out, no purchase is possible, and companies would be failing in their usual astuteness if they did not succeed in bringing about that undesirable end. The lack of principle and system is responsible for this untoward development. When we come to the larger field of interurban communication, there is greater scope for company action. We may expect to see our most populous counties covered with net-works of electric tramways, linking town and town together, and opening up communication with the rural villages. Here companies will find their chief opportunities for enterprise in a field where municipal action is at present restricted, and it is only reasonable that they should be given greater facilities under better regulated purchase clauses for developing new undertakings.

DIRECT EMPLOYMENT.

The direct employment of labor by public authorities is another subject of contention. No municipality can carry on its operations efficiently and economically without a certain amount of direct employment of labor in the execution of public work. Judged by ordinary business standards there is presumably a good case for a city surveyor repairing streets, executing sewers and carrying out other works of an ordinary character by employing direct labor. The system is extending under private enterprise, and cannot with advantage be disregarded by public bodies. Intensive concentration in business is one of the greatest features of modern industry. It is seen in small businesses as well as in gigantic undertakings. The Steel Trust obtains the control of the means of distribution on land and sea. The Tobacco Trust incorporates a printing business to prevent it going outside. The Standard Oil Trust makes almost everything it requires itself. The beef kings of Chicago make all their profit from their subsidiary industries. The great firms of Vickers, Maxim and Krupp can turn out a steamship complete without going outside for material or other assistance. Thus the tendency is all towards making great businesses more self-contained. It is the same with small industries, such as mustard making, where it is found that the manufacturer makes his own tins and does his own printing. Railway companies illustrate the system in another direction. They have their own workshops, not only for repairing, but for making new rolling stock, etc. They are frequently their own printers, and a number encroach on the municipal province by possessing markets. The railway companies do not always make their own locomotives or execute their own work because it is cheaper for them to do so than to give the work to contractors. They do the work themselves because they believe they can do it better. It was probably for the same reason that the Liverpool Corporation carried out its own water works. Plymouth and other corporations have done the same, and Birmingham has, for several years, kept a large industrial community at work in constructing reservoirs, aqueducts, etc., at its new water works in North Wales.

We find precedents for the system of direct labor in all kinds of municipal authorities. The old city corporation was a pioneer in this respect, and was the first to displace contractors for scavenging, street cleaning and disposal of refuse, and to estab-

lish its own wheelwright shops, saddlery and other works. The Elder Brethern of the Trinity House have also their own workshops for executing repairs, as have the Clyde Navigation Trust and many other authorities. In fact, every department of a municipality must necessarily carry out a certain amount of direct labor in executing street works, repairs, etc. When a further step is taken and works departments are established, as under the London County Council, the West Ham Corporation, and the Battersea Borough Council, to act as general contractors for the various departments a new development is introduced which meets with more objections. Judged from the point of view of efficiency these works departments have been successful, and from a commercial standpoint, have given fairly satisfactory results. The municipal contractors are sometimes, in the case of the London County Council, underbid by independent contractors, in which event they lose the job. Providing that the management and organization are efficient, the establishment of works department to centralize the direct labor operations of the engineers, parks, asylums, highways and other branches of local work is in harmony with sound industrial conditions. In the case of all smaller jobs it is found by experience that each department can execute them more cheaply and promptly than by employing contractors.

The industrial work carried on by municipalities is merely incidental to the main purpose of municipal trading. A number of subsidiary industries are necessarily connected with the disposal of street refuse, as in Manchester. The London County Council, in building an asylum at Norbury, discovered that the site was on a brickfield and proceeded to utilize the clay, and thereupon became a municipal brick manufacturer. Other councils utilize their waste lands in connection with water works for grazing, and we have municipal sheep farming, but all these extensions are merely incidental elements, which must be judged solely by results. They differ from the deliberate execution of large works by direct labor, such as the construction of sewers, the laying out of parks and building workmen's dwellings. Municipal tramways are again an enterprise which must be accompanied by a certain amount of direct labor if the full advantage, industrially, is to be reaped. Tramway companies have their own car repairing sheds, and sometimes build their own cars. Similarly municipalities must also have their own car sheds, as repairing is continuous and is more economically carried out directly than by contractors. The fact that they have repairing shops leads some of them to undertake the construction of cars, the greater proportion of the parts of which are bought in the market ready to be fitted together. They construct cars, but do not manufacture them. If municipal tramways are to be judged from the financial results, and comparisons made between company and municipal ownership, then it is clear that both should have equal opportunities for economical management. The same argument applies to electricity supply works. Mr. Balfour referred to the manufacture of electrical fittings. It is true that municipal bills include a general clause granting powers to manufacture electrical fittings, but that invariably means power to repair existing fittings, and also power to hire lamps and motors. In so doing municipalities are only following the precedent set in connection with municipal gas works, and nothing could be more shortsighted than the opposition raised to municipalities having shops to exhibit gas stoves and other fittings which they let on hire. No trade or industry is affected by this system. On the contrary, encouragement is given to extend the use of gas to other purposes than lighting, and to popularize electric lighting. A municipality can have no interest in a particular gas stove, but gives all equal opportunity. In the case of electric light the use of bad electrical fittings or lamps is likely to retard the progress of electricity. By offering the best articles for hire and seeing that the fittings are maintained in an efficient condition the municipality is

stimulating manufacturers and doing what is good for trade, except perhaps to the importers of bad foreign lamps.*

NEED FOR IMPARTIAL INQUIRY.

Continued investigation by the joint committee will certainly bring light to bear upon such contentious questions as I have dealt with, but one should not put too much faith in the practical result which may follow the committee's report. It is impossible to lay down a hard-and-fast line for the future action of Parliament. Supposing that the committee came to the conclusion that the principles up to now had been wrong and that too many powers had been granted to municipalities, how would it propose to institute new principles? Would the municipalities enjoying existing powers have to relinquish them, or would two municipal codes be established, and powers be restricted in future? The chief object of the evidence laid before the committee on the last occasion was to show not only that "the principles which should govern powers given by bills and provisional orders" were wrong, but that the whole system of municipal ownership, as it exists, should be destroyed. It is to be hoped that the new committee will lift the investigation into higher levels, and deal with the practical difficulties which Mr. Balfour foreshadowed. It should be able also to widen the reference and deal with the effect of the alternative policy on consumers, users and the public.

The former enquiry into municipal trading was incomplete, and the testimony placed before it not fully representative of municipal interests. Numerous specific allegations were made by witnesses, which there was no opportunity to meet. There were in all thirty-six witnesses before the committee. Nine of these were officials representing Parliament and Government Departments, nine represented companies, either as directors, managing directors, or solicitors operating or seeking to obtain tramway or electric lighting concessions. There was the secretary of the National Telephone Company, and a spokesman for the gas companies; witnesses appeared for the Ironmongers' Association, the Glasgow Traders' Association, for the manufacturers of concrete paving stones, and the London Master Builders. Lord Avebury, whose narrow individualistic views are well known, was another witness. The official witnesses on the municipal side consisted of the Town Clerks of Birmingham, Leeds and South Shields, and a citizens' auditor from Birmingham. The Town Clerk from Leeds represented, besides his own city, the Association of Municipal Corporations. There was also the President of the Scottish Wholesale Co-operative Society. Seven witnesses were representatives of municipalities—the Lord Provost of Glasgow, an ex-Lord Mayor of Liverpool, an Alderman of Harrogate, the Mayor of Blackpool, and two London County Councillors. There were, therefore, practically no independent witnesses—outside of the official ones—who had neither commercial nor trade interests to protect, or who did not represent municipalities, except the representative of the co-operators, who was an enthusiastic supporter of municipal trading. The representatives of company interests seem to have made an organized effort to swoop down on the committee in

*Mr. Alfred H. Gibbings, formerly the Borough Electrical Engineer of the City of Bradford, in his work on "The Commercial and Business Aspects of Municipal Electricity Supply," referring to the hiring of apparatus, says:—"The buyer will probably have little or no experience, or knowledge of electrical matters, to guide him in his purchase. If his means are at all limited, he will be tempted to venture on a cheap line, and become the dupe of those who simply make to sell. The solution of these difficulties which appears the most satisfactory, because it is the one fraught with the greatest advantages to all concerned, is that the owners of electricity supply undertakings, whether a public company, municipality or other local authority, should themselves purchase good reliable motors, etc., and let them out on hire." Mr. Gibbins also adds: "The movement is, of course, merely a corresponding enterprise to the letting out on hire of gas stoves, which, not only every municipality owning a gas works, but also every gas company, knows to be a sound and valuable commercial arrangement."

the hope of overwhelming it with evidence containing a broadside attack on municipal ownership.*

It cannot be said that the list of witnesses was adequately representative of the vast municipal institutions of the country, and rebutting evidence was not called. Thus, while the manufacturers of concrete slabs complained that municipalities entered into competition with them, no one was called to show that the paving slabs made by municipalities were the utilization of clinker and refuse from their dust destructors, and only the surplus slabs were disposed of, the chief object being to manufacture for the paving department of the city. The London Master Builders stated their case chiefly against trade unionism, but no one was heard on the other side, and while representatives of the gas companies, the electric lighting companies and the tramway companies all attacked municipalities, expert witnesses were not called to give the record of municipal tramways, gas works, or electric lighting works, in reply to the charges brought against them.

GROWTH OF MUNICIPAL INDEBTEDNESS.

There are other phases of the problem which deserve fuller investigation. Take the increase of municipal indebtedness. In the campaign which has been carried on against municipal ownership since the former committee's enquiry, we hear much about the "alarming growth of municipal debt." It is alleged that municipalities are recklessly overborrowing, and various methods are suggested for limiting local loans. Invidious and fallacious comparisons are made between the National and Local Debt, due partly to the method of the Local Government Board in including misleading comparative figures in its Reports. In its last Report, for instance, it has a table showing that between 1875 and 1900 the National Debt was decreased by £139,000,000 while the Local Debt increased from £92,820,100 to £293,864,224. In 1875 the Local Debt was only 12 per cent. of the National Debt, while in 1900 it was 46 per cent. The comparison will bear a different complexion when the South African War Loans are added to it, but I take the figures as they stand. Within the period referred to the local authorities paid £26,000,000, and the amount standing in sinking funds against the existing debt is not given. It is difficult to know for what purpose the Local Government Board introduces this comparison. How can we place against the debt for our poor law institutions the money which was lost in the American War, which still figures in the National Debt? What analogy is there between the debt for building our technical institutes and schools and the millions which still hang round our neck for the Crimean War? Almost all the National Debt has been incurred for wars. It might almost be said that the National Debt represents so much wealth lost to the world, while the Local Debt stands for so much wealth gained in the shape of institutions for reclaiming and keeping the poor, educating the young and operating local services for the benefit of all. The only item in the National Debt which is on a parity with municipal trading loans is that part of it which is invested in the Suez Canal shares. It is about the only asset shown in the National balance-sheet of the Debt.

*I quote the following from the official report of a lecture delivered before the London Chamber of Commerce by the Hon. Robt. P. Porter, an American gentleman, who has been supporting company working in place of municipal ownership in this country for several years:—"Mr. E. Garcke proposed the health of Mr. Morse, the Chairman. He said Mr. Morse had done excellent service in this cause. He had made very great sacrifices, in order to give effect to convictions upon this question. The manner in which he organised the evidence which was given before the Joint Committee of the two houses last year, was worthy of their utmost appreciation, and was deserving of the gratitude of all those who took a deep interest in the question."

Mr. Morse is the Solicitor of the British Electric Traction Company, and about sixty of its subsidiary concerns. Mr. Garcke is the Managing Director of this company, which, presumably, would benefit considerably by restrictions in municipal trading.

Perhaps the Local Government Board means, by introducing its fallacious table, to suggest that the increase of local indebtedness impairs national credit. This is a suggestion frequently made. Up to the time of the South African War the local authorities obtained money on easy terms. The prices of their stocks since have greatly declined, and the price which they pay for new loans has risen. The same conditions have applied to Government loans, to railway stocks and, indeed, to all securities. When Consols fall below 90 municipal stocks must necessarily suffer. The times have not, therefore, been opportune for borrowing, and it is unfortunate that this depression in the money market has coincided with a period of great municipal extension.

In support of the overborrowing theory it is said that the assets of the municipalities are not worth the money represented. This statement is generally applied to the industrial undertakings. But companies would only be too ready to take over the municipal tramways and electricity and gas works for the capital they represent. They are not only worth commercially more than the capital against them, as nothing is included for good-will, but there is always a balance in sinking funds standing against the debt.

INCREASED RATES AND DEBT.

Municipal debt for trading purposes, besides increasing "at a dangerous pace," is held responsible for the rapid rise in local taxation. This statement has become a commonplace in the arguments of the anti-municipal party. It follows, of course, as a necessary corollary of that statement that municipal ownership does not pay. In my previous article I showed that municipal trading does pay, and that being so, it cannot add to local taxation, but it is necessary that this point should be made perfectly clear, and that the current misrepresentations should be completely disposed of. I therefore advance a contention, which I am prepared to prove, viz., that the increase in municipal debt has not increased the rates, but, on the contrary, the towns which have advanced farthest in municipal trading have the lowest rates, and the towns which have kept down their debt usually have the highest rates. Instead of taking a few isolated examples to support this theory, I include the whole group of towns given in the carefully compiled tables on municipal finance in the Stock Exchange Official Intelligence. These tables suit the purpose of illustration exactly, as they contain details of the remunerative and unremunerative debt, tables showing the debt per head and the municipal rates in every town.

I have made one list of forty-two towns where the debt for trading purposes exceeds the unremunerative debt, and another list of thirty-one towns where the opposite is the case. I find that the averages work out as follows:

	Average debt per head.			Average municipal rates in the £.	
	£	s.	d.	s.	d.
Towns with most "trading"	15	6	10	4	7
Towns with least "trading"	6	6	10	4	7½

Considering that the trading towns in the list include the greatest centres of congested and overcrowded populations, such as Leeds, Liverpool, Manchester, Oldham, Glasgow, Hull, etc., where sanitary expenditure is exceptionally high, and that the other list consists chiefly of towns which have not such serious sanitary problems to face, and several health resorts, the comparison, it will be admitted, is very satisfactory. Proof in support of my contention is further emphasized by going into details. The

return from which I have quoted only gives the municipal rates, but the benefits of municipal ownership are felt on the general social conditions, so that we should also add the poor and other rates. From a return prepared by Mr. James Carter, Borough Treasurer of Preston,* showing the total rates in a large number of towns, and the amount of profit from municipal undertakings in relief of rates, I take the following towns having the highest and lowest rates:

	Highest rates, 1902.	Lowest rates, 1902.	Relief from trading profits.
	s. d.	s. d.	s. d.
West Ham	10 2		
Wakefield	9 0		
Rotherham	9 0		
East Ham	9 6		
Dewsbury	8 3		
Middlesbrough	8 2		0 1½
Norwich	7 11		0 3½
Preston	7 11		0 8¾
Stafford	9 1		0 10 1-10
Blackpool		4 8	0 8½
Barrow		5 0	0 9 4-5
Darlington		5 5	1 8
Carlisle		5 6	1 0
Bournemouth		4 8	0 0¾
Lancaster		4 0	0 8½
Eastbourne		5 2	0 0¾
Southport		4 4	0 8
St. Helens		5 0	0 8½

I produce one more proof. In the final report of the Royal Commission on Local Taxation there are tables showing the rates for the years 1897 and 1898, and the commissioners, in the summary of the returns, point out that in four county boroughs the rates averaged for the two years 7s. and upwards; in eighteen towns they were between 6s. and 7s., while in fourteen towns they were between 4s and 5s. The highest rates were in Sheffield, Norwich, West Ham and Hanley. Sheffield at that time was only entering on its municipalization career. It owned the water supply, but the gas works, electricity works and markets were in private hands, and it had only taken over the tramways. Norwich had no municipal trading whatever, except its markets and real estate. West Ham is a town which is the opposite of Norwich in every respect, except in the entire business of municipal trading. Hanley only possessed electric lighting works, not long established, and markets. On the other hand, the 14 towns enjoying rates only between 4s. and 5s. in the £ were confirmed municipal traders, and included the Lancashire towns of Liverpool, Barrow, Lancaster, Bolton, Burnley, and St. Helens, each of which has municipalized the whole of the common services with the one exception of the Liverpool gas supply.

The above contrast is very striking when it is pointed out that the towns with the high rates possessed few trading enterprises, or only those of recent establishment: East Ham and West Ham had no remunerative undertakings whatever, Norwich only possessed markets, and Wakefield only water and electricity supplies. The low-rated towns, on the other hand, possessed, with the exception of Bournemouth and Eastbourne, highly developed municipal undertakings, as the relief received therefrom indicates.

*Published in the "Municipal Year Book."

The full benefits of municipal trading and its effects on rates are not seen until the undertakings have been well established, as the burden of the debt falls very heavily in the first few years. To show the best results, we should select towns where the system has been at work for some time. I give two illustrations which strikingly support my contention that municipal trading is accompanied by low rates. Take the example of Bolton. Bolton has carried municipal trading further than almost any town in England. Bolton has its municipal water, municipal gas, municipal electric lighting, municipal markets —wholesale and retail. It has municipal slaughter houses—the only ones in the town—attached to which are cold stores and an ice manufactory. Nor does the Corporation confine itself to the more profitable departments of municipal work. It has beautiful parks and two municipal hospitals, it concerns itself with the reform of inebriates, maintains three cemeteries at a loss, and runs a sewage farm, which, with the sewage disposal works, recently cost it £125,628. The intellectual as well as the material and public health needs of the community are looked after by this incorrigible municipality. It maintains no fewer than six free libraries, three museums, a school of art, and a most admirable textile and engineering college. Yet the rates of Bolton are amongst the lowest in the country. The surplus profits amounts to £40,694, and this was before its electric tramways yielded a complete return. The chief benefits, however, to Bolton has not been the direct relief of rates, but the provision of cheap and efficient local services.

The town of Darlington is an equally encouraging example. Its rateable value is less than £200,000, and its population 48,000. The extent of its enterprise cannot be measured by its size, for Darlington has municipal gas works, electricity, water, markets, a corn exchange, cemeteries, baths—including the luxury of turkish baths—and tramways, and is contemplating telephones. It has, of course, provided libraries, and a splendid technical college ; it has sewage farms, and among other municipal extravagancies that it has indulged in are town clocks to keep its people up to time. This comparatively small town has a very heavy debt. It is groaning under a burden of over half a million —viz., £521,223, or about £12 per head, exclusive of the new debt for its tramways. Darlington has invested long enough in industrial enterprises to be reaping the profits. It has been paying back its debts as fast as they are created, and if we deduct the amount repaid, we find that only about a quarter of a million remains (£252,580), no less than a third of which (£96,992) is for sewage disposal works alone. The gas and water works cost Darlington £231,659, but all that debt has disappeared, paid off out of profits, except £75,210. So much for the debt, what about the rates ? Darlington has a very high School Board rate. It has increased 4d. during the last six years, and now stands at 1s. 1d. The town levies a penny rate for technical education ; it has, of course, a library rate, but the total municipal rates in the borough have not increased during the last six years, and have averaged only 3s. 7d. in the £. Why ? Because, during that period, the rates have been relieved from the surplus profits of municipal undertakings to the average of 1s. 8d. per annum. Last year it was 1s. 8¼d., and was equal to £1 11s. 6d. for every family in the town. The profit last year, for instance, from the gas, markets, and water works, amounted to £33,735—a return of no less than 38.39 per cent. on the outstanding debt on these works. After the payment of all interest and making provision to redeem the capital, there was a net profit remaining of £13,895. This would amount to 5½ per cent. on the whole debt of the borough, including not only the debt for the works which produce the profit, but also the debt for parks, paving of new streets, baths, hospital, and all sanitary purposes. The undertakings owned by the Council, without making any allowance for goodwill, stand at £606,637, more than double the whole liabilities of the borough. When Darlington's electric lighting and its tram-

ways are in full working order, the profits and benefits conferred on its people will be still greater..

WHY RATES INCREASE.

I think that I have by general comparisons and by particular illustrations effectively met the charge that increased debt for municipal trading enterprises adversely affects the ratepayers. The real causes responsible for adding to local burdens must be apparent to anyone who recognizes the great advance made in local government during the last twenty, or even ten, years. The whole system of Parish, district and county government has been revolutionized in recent years. See what has happened in the domain of public health since 1885. In that year £112,828 only was spent on hospitals for infections diseases outside London. The amount in 1900 was £584,414—an increase of 417.9 per cent. The annual expenditure on parks has increased 296 per cent., on asylums 57.9 per cent., on sewage disposal 95 per cent. There are now 400 more medical officers of health and 360 more sanitary inspectors than there were 15 years ago. Expenses of public lighting, exclusive of the cost of electric lighting, have increased 54.5 per cent. We have more than doubled our expenditure on fire brigades in the period. Police expenses have risen 47 per cent., and highways cost 62 per cent. more. The cost of education falling on the rates is three times as much as it was fifteen years ago, and we are spending 183 per cent. more on libraries. Poor law expenditure more than keeps pace with the increase in the rateable value, which has only been 28.2 per cent. since 1885. On the capital side of the account the burden is relatively greater. We are building new poor law institutions at an annual outlay of a million and a quarter pounds, paying back the money in 30 years on the buildings and in 60 years on the land. The percentage of increase on capital for asylums since 1885 has been 281.9 per cent., for sewage disposal 87.9 per cent., parks 423 per cent., and hospitals 588.8 per cent. No wonder that rates increase!

General legislation is passed every year, throwing new duties on the local authorities. The general expansion of the work involves many new buildings for administrative purposes, a continual growth of establishment expenses, all with the object of keeping pace with our improved standard of sanitary needs and our higher conception of social well-being. There is only one item in the Local Government accounts which shows a decline, and that is the expenditure on prisons, which has fallen 16.4 per cent. since 1885. This and the lowering of the death rates is some measure of the success which our local expenditure represents. I fear that the protective, non-trading and sanitary expenditure of local government, to say nothing of the cost of education, is likely to require greater drains on the ratepayer's purse, and the only palliative for this continual growth of burdens on the occupying ratepayer is the opportunist one of drawing profits from municipal trading. The remedy lies deeper, and includes a radical reform of our system of local taxation.

ELUSIVE CRITICS.

One difficulty which the supporter of municipal ownership has to deal with in meeting opposition is the elusive character of the critics. If one set of arguments is upset the critics disregard consistency and take refuge in another position. A stock argument against municipal electric lighting is that it is introduced for the sake of a few consumers. It is utterly wrong, we are told, for a municipality to establish works to supply electricity to 10 per cent. of its population. If there is a loss the ratepayers suffer, and if there is a profit the consumers of the article are obviously charged too much. When we leave electricity—a restricted service—and come to municipal tramways—a service for the multitude—we are met with the statement that "the objections to muni-

cipal trading in electric traction are more serious than those which may be advanced in regard to almost every other department."*

The critics change their ground in other ways. When, for instance, they are faced with the fact that profits really result from municipal trading, they begin by asserting that the accounts are not correct, and charge the municipalities with "financial juggling." If this further line of attack is broken down the critics again recede and say that municipalities have no business to make any profit at all : it is very immoral of them to do so. This attitude raises an entirely new issue, which places efficiency and cheapness before profits—a policy which may be best for the citizen in the long run. Most of the critics who have recently advanced such opinions are animated not by the desire to see the price of public utilities reduced to the consumers, but by the hope that the adoption of this system may occasionally lead to balances on the wrong side, which will help to discredit municipal ownership.

DEPRECIATION AND REPAYMENT OF TAXES.

It is partly the same feeling which prompts some of the critics to condemn municipalities for failing to make adequate provision for depreciation. It is generally held in the case of municipal works, when loans extending only for short periods are granted, that a sinking fund for repayment of the loan takes the place of depreciation, provided always that the works are maintained out of revenue in a thoroughly efficient state. The Municipal Electrical Association is of the opinion that, as electricity undertakings have to be maintained in a thorough state of efficiency out of revenue, no depreciation or further writing off of capital is necessary when the period allowed for repayment is not greater than thirty years. The loan periods in the case of electricity supply works, except in London, are for equated periods of 25 years, which, of course, includes the sites of generating stations. In the case of tramways, municipalities are adopting a more generous policy. Besides meeting the required sinking fund of 2 per cent., they are setting aside amounts for depreciation, reserve, or renewal funds. Glasgow Corporation, beyond paying back the loan on its tramways in 28 years by a sinking fund, charges renewals of the permanent way out of revenue, calculated on a ten year's life of the track. It also charges to revenue depreciation of the plant, buildings and equipment to an extent which is calculated to keep up the undertaking to its original perfect condition. At the end of the period granted for the original loan the whole of the loan will be paid off, and the undertaking will be in a thorough state of efficiency, or cash will be available to put it in perfect condition.

Mr. Balfour evidently thinks, "speaking with imperfect knowledge," as he frankly said, that the loan periods are in some cases too long, as he questioned whether existing methods of lighting and traction might not become antiquated within the next ten years, so that the municipal loan would not be represented by real productive assets. It is exceedingly improbable that any such quick displacement of existing methods will take place. The municipalities are in a good position to meet all reasonable charge. Their sinking funds are accumulating in order to redeem the debt in an average period of about thirty years, and in the meantime the undertakings are maintained in a thorough state of efficiency. To take another illustration from Glasgow, the Corporation succeeded in writing off the capital spent on its horse tramway equipment in seven years, and was able to begin its electrical tramways unburdened by any debt for the old. There is no reason why Glasgow should not repeat this process if necessary within the next ten years. Under the leasing system, it will be impossible to take advantage of these changes, as I have already indicated. Leases are usually granted for periods longer than the time required for the payment of municipal loans,

*Pamphlet of the Industrial Freedom League, an organization controlled and supported mainly by the representatives of traction companies.

but a company would hardly be expected to spend capital in introducing new systems on a precarious and limited tenure.

Mr. Balfour hinted that gas might be displaced. This is equally improbable, as if the use of gas declines as an illuminant, it will be used more for other purposes. In any case, gas can only be displaced by electricity, which is also in the possession of the municipalities. Manchester Corporation would sustain no loss were the supply of municipal gas not increased. Its gas works cost £2,306,688; the capital now standing against the undertaking is £1,179,974, but the sinking fund invested to liquidate this debt amounts to £935,388, leaving the net debt only £244,586. Manchester sets aside no specific amount for depreciation, but spends large sums in repairs, maintenance and renewals.

I have now dealt with all the chief points in the case against municipal trading. The more one sifts the charges the less there appears to be in them. Our municipal institutions, taken all round, continue to make healthy progress. Fortunately, the supply of men who respond to the call of social service and meet the increased duties and responsibilities thrown on public bodies is equal to the demand. The wish is father to the thought on the part of those who are always declaiming about the deterioration of town councillors. A few years ago I enquired into the occupations of town councillors in a large number of cities, and found that they invariably represented the predominating industry of the town and every phase of its trade and commerce, including its professional life. An examination of the occupations of present town councillors in representative towns—Leincester, Hull, Sheffield, Northampton, Bradford and Wolverhampton*—supports the same conclusion. The aldermen and leading councillors are drawn chiefly from the ranks of men representative of the manufacturers, the traders, and the mercantile and professional classes of the community. ROBERT DONALD.

*Leicester: 64 members, including 9 boot and shoe manufacturers, 2 leather goods and boot mercers, 8 gentlemen, 4 manufacturers, 4 merchants, 15 shopkeepers and tradesmen, 15 professional men (including solicitors, doctors, architects), 1 warehouseman, a Secretary of a Charity Organization Society, a Secretary of a friendly society, 2 hotel proprietors, a trade union secretary, a registrar of births and deaths.

Hull: 64 members, including 7 shipowners or brokers, or men directly connected with the shipping industry, 8 gentlemen, 16 professional men (including 6 doctors, accountants, solicitors, architects), 7 manufacturers and merchants, 13 shopkeepers and tradesmen, 1 agent for Admiralty charts, 1 farmer, 1 keeper of a warehouse, 1 music hall proprietor, 2 builders, 2 trade union secretaries, 1 wheelwright, etc.

Sheffield: 64 members, including 7 steel and cutlery manufacturers, 6 directors of limited companies (4 of them managing directors), connected with manufacturing concerns, 8 other manufacturers, 7 merchants, 5 shopkeepers and tradesmen, 16 professional men (including 8 solicitors, 1 editor, 2 doctors, surveyors, etc.), 1 typefounder, 1 timber merchant's manager, 1 metal spinner, 1 laundry proprietor, 2 trade secretaries, 2 letterpress printers, 3 printers and directors.

Bradford: 83 members, including 20 worsted and woollen manufacturers, topmakers, woolstaplers, woolcombers, etc., 6 other manufacturers, 3 manufacturers' managers or agents, 2 managers, 3 doctors, 7 professional men, 8 gentlemen, 9 merchants, 10 shopkeepers and tradesmen, 4 builders and directors, 1 quarry owner, 1 cordwainer, 1 monumental mason, a secretary to a trade union society.

Northampton: 36 members, including 6 boot and shoe manufacturers, 7 merchants and tradesmen, shopkeepers, 6 builders and directors, 6 professional men, 1 gentleman, 1 agent, 1 manager, 1 hotelkeeper, 1 publican, 1 boot and shoe operative, 1 secretary of a trade union, 1 railway foreman, 1 laborer.

Wolverhampton: 48 members, including 13 manufacturers, representative of the chief industries of the town, 5 gentlemen, 7 merchants, shopkeepers and tradesmen, 4 publicans, 1 brewer, 3 doctors, 1 japanner, 1 civil engineer, 1 agent for a boilermakers' society, 1 solicitor, 1 gas engineer, 1 carrier, 1 saddler, 1 insurance company's secretary, 1 clicker.

REPRODUCTIVE UNDERTAKINGS OF BRITISH MUNICIPAL CORPORATIONS.

The following is the summary table from a return issued by the British House of Commons in December, 1902, bringing down to 31st March, 1902, the information concerning the productive undertakings carried on by Municipal Boroughs, giving the amount of capital, average annual increase, expenditure, profit and loss for four years, from 31st March, 1898, to 31st March, 1902, for each of the principal classes of undertakings

MUNICIPAL CORPORATIONS (REPRODUCTIVE UNDERTAKINGS.

Capital on 31st March, 1902, and Average Annual Income, Expenditure, Profit, and Loss for Period of Four Years from March, 1898, to March, 1902. Summary showing Totals for each of the Principal Classes of Undertakings.

(*Note.*—Undertakings which had on the 31st March, 1902, been carried on for a period of less than twelve months are not included.)

Number of boroughs carrying on undertakings specified in Col. 2.	Description of Undertakings.	Capital (position on the 31st March, 1902).					
		Total capital (inclusive of borrowed capital) provided by corporations.	Amount of capital borrowed.*	Amount of capital borrowed which has been paid off.*	Balance of capital borrowed which was outstanding at 31st March, 1902.	Amount in Sinking Funds or Loans Funds on 31st March, 1902, in respect of capital borrowed.†	
(1)	(2)	(4)	(5)	(6)	(7)	(8)	
		£	£	£	£	£	
193	Waterworks	56,943,016	56,167,879	6,611,162	49,556,717	1,678,337	1
97	Gasworks	24,028,116	22,757,422	4,259,835	18,497,587	1,334,077	2
102	Electricity supply	12,508,997	11,764,723	571,944	11,192,779	398,636	3
	Tramways:—						
29	1. Owned and worked by the corporations	8,610,573	8,396,729	479,747	7,925,982	} 368,459 {	4
16	2. Owned but not worked by the corporations	1,140,580	1,047,012	400,070	646,942	}	5
	Total (Tramways)	9,751,153	9,443,741	870,817	8,572,924	368,459	6
228	Markets, etc	6,181,080	5,685,129	1,758,458	3,926,671	293,766	7
138	Baths and washhouses	1,988,340	1,708,490	475,831	1,232,659	111,735	8
143	Burial grounds	2,382,305	2,295,765	982,360	1,313,405	101,118	9
24	Working class dwellings	1,253,592	1,204,375	114,035	1,090,340	44,359	10
43	Harbours, piers, docks and quays	5,421,827	5,408,135	471,319	4,936,816	293,226	11
16	Other reproductive undertakings ‡‡	713,946	597,264	130,758	466,506	21,182	12
	Total (all undertakings mentioned above)	121,172,372	117,032,923	16,246,519	100,786,404	4,644,895	13

MUNICIPAL CORPORATIONS (REPRODUCTIVE UNDERTAKINGS).—*Concluded.*

Annual Income. (Average for the period of four years ended 31st March, 1902, or, if the Undertakings commenced during that period, or some day prior to 1st April, 1901, from date of commencement.)

	Average annual Income.			Average annual working expenses.§	Difference between average annual income (Col. 11) and average annual working expenses (Col. 12).‖	Average annual amount paid in respect of principal and interest on capital borrowed.		Average annual amount set apart for depreciation.	Total of sums in Cols. 12, 14, 15, and 16.	Average annual net profit or loss.		Average annual amount (if any) of general, legal and establishment charges of corporations charged to undertakings, and included in Col. 17.
	Transferred to the account of Undertakings from other accounts for products of the Undertakings used by Corporations ‡‡ (9)	Other receipts excluding deficiencies made good out of rates. (10)	Total of sums in Cols. 9 and 10. (11)	(12)	(13)	Repayments of principal.¶ (14)	Payments of interest.** (15)	(16)	(17)	Amount by which total in Col. 11 exceeds total in Col. 17.†† (18)	Amount by which total in Col. 17 exceeds total in Col. 11.†† (19)	(21)
	£	£	£	£	£	£	£	£	£	£	£	£
1	110,112	3,076,853	3,186,965	1,154,209	2,032,756	395,198	1,520,164	27,266	3,096,837	90,128	.....	42,885
2	337,745	5,495,615	5,833,360	4,465,625	1,367,735	281,366	611,572	79,972	5,438,535	394,825	.....	38,969
3	218,360	918,095	1,136,455	662,559	473,896	204,737	260,896	19,970	1,148,162	.....	11,707	12,006
4	756	1,394,169	1,394,925	971,550	423,375	131,240	160,837	49,394	1,313,021	81,904	.....	5,533
5	.....	88,392	88,392	29,361	59,031	24,464	16,240	913	70,978	17,414	.....	759
6	756	1,482,561	1,483,317	1,000,911	482,406	155,704	177,077	50,307	1,383,999	99,318	.....	6,292
7	1,191	550,755	551,946	266 764	285,182	74,780	126,120	500	468,164	83,782	.....	5,375
8	411	135,281	135,692	188,351	*a* 52,659	37,048	35,245	.....	260,644	.....	124,952	1,367
9	422	156,475	156,897	138,665	18,232	39,170	42,846	.....	220,681	.....	63,784	3,274
10	151	39,879	40,030	23,512	16,518	16,522	26,974	.....	67,008	.....	26,978	139
11	1,903	377,099	379,002	239,614	139,388	52,049	160,564	4,499	456,726	.....	77,724	5,253
12	958	136,089	137,047	88,496	48,551	7,970	14,448	10,760	121,674	15.373	.....	620
13	672,009	12,368,702	13,040,711	8,228,706	4,812,005	1,264,544	2,975,906	193,274	12,662,439	*b* 378,281		116,180

a Loss. *b* Net profit.

J. KEIR HARDIE, M.P., ON MUNICIPAL TRADING.

: Annual for 1901 of the Co-operative Wholesale Societies, Ltd., of England
ınd, is a paper by the noted Radical and Workingman Member of Parliament, J. Keir Hardie. Extracts follow :—

ırdie, So far as Municipal Trading has gone, it has established beyond dispute three important facts:—

1st. Quality and abundance can always be relied upon. Production under the Corporation is not a means to an end, the end being dividends, but an end in itself. There is thus every reason for making the supply the best possible.

'he worker is more generously treated, and, as a consequence, the work is ıomically done.

he cost of production is considerably reduced.

we have economy, efficiency, and abundance associated with Municipal Trad- there then any limits, and if so, what are they, which should be set to what to proved, so far as it has gone a public benefit? Are we to take the pre- ready established as a guide? If so, there is no lack of variety. Liverpool, and other big Corporations supply window flower boxes to citizens :ation. Liverpool and St. Helens have established milk supplies, the e for infants in the latter case having gone down greatly as a ce. Other corporations are seeking powers in similar directions. Don-)wn Council punishes bookmakers who ply their avocation on the ıt bags £27,000 a year from its Municipal Race Course. Glasgow, London, Manchester, and, fortunately, many other places supply municipal music, in- door concerts during the winter. Municipal baths are now free to school ı quite a number of big towns. West Ham makes a profit of £1,500 a year ıanufacture of flag-stones. Bradford owns an hotel, thus following an ex- ımon on the Continent, where municipal hotels and restaurants are numerous. Grenoble, in France, there is a restaurant managed by a Council elected by the

5 and 6.—Where loans have been l by other loans, the sum is only l once in Col. 5, in the amount of borrowed. In such cases, the re- ts of borrowed capital monies, out r borrowed capital monies, are not l in Col. 6 in the amount of paid off.

8.—Excluding sums standing to dit of loans funds for payment of ds. The sums entered in Col. 8)licable to the repayment of such of the amounts entered in Col. 7 repayable by means of Sinking or Loans Funds.

9.—The amounts entered in Col. le sums credited to the undertak- ır (e.g.) the estimated value of ısed in watering streets, and the ed value of gas supplied for light- streets.

12.—Including, if the undertaking et by the corporation, (1) the cost erials, wages and salaries; (2) in-) and rates; and (3) other annual es, if any, other than those in , 15 and 16.

13.—Except in the case where the 'loss" is printed, the amount in is the excess of the amount in over the amount in Col. 12.

14.—Payments made out of in- o sinking funds and other similar towards the repayment of prin- e included in Col. 14, but not payments out of such funds.

**Col. 15.—Including annual payments made in respect of perpetual annuities, if any.

††Cols. 18 and 19.—See Note 11.

‡‡The undertakings included under the head of "Other Reproductive Undertakings" are the following, viz., Bridge (toll) at Scarborough; bridge and embankment at Plymouth; canals at Exeter and York; cold stores at Burnley; conditioning house at Bradford, Yorks; crematorium at Kingston-upon-Hull; estates (including race course) at Doncaster; ferries at Saltash, Birkenhead, Middlesborough, and Sunderland; marine lakes, etc., at Southport; parade and property at Bridlington; pavilion estate at Brighton; and Spa concert rooms at Harrogate.

Particulars as to the following undertakings from which revenue is derived were also given in some of the returns furnished, viz.: Abattoirs or slaughter-houses, allotment, bonding warehouse, isolation hospital, lavatories, lunatic asylum, manure depot, sewage farms, weighing machines and weighbridge, and an undertaking for the supply of sterilized milk. As these undertakings do not appear to be of the kind contemplated by the Order of the House of Commons, the particulars relating thereto have not been included in this return.

citizens. It supplies a good square meal of five courses, including half a pint of wine, at a cost of sixpence, and 1,202 meals are supplied free to school children. When food is cheap the profits are set aside to maintain the low prices during periods of scarcity. Jena, in Germany, has a brewery, making a profit of £6,400 a year. In Australia school children are allowed to ride free on the cars to and from school; whilst in Sydney, New South Wales, every citizen has the same privilege, no fees being charged. In Antwerp there is a municipal cab service, a payment of £4 2s a year entitling the citizen to the use of a cab at any hour of the day or night. The Municipal Council of Paris have recently established workshops in the suburbs of the city, where working men who have sustained injuries in the course of their work which would preclude their finding employment in the open market are employed. The scheme so far as it has gone is successful. Edinburgh, Birmingham, Glasgow, and other places have municipal farms. In Roubaix school children are fed and clothed by the municipality. Vienna, like Glasgow, makes its own brick. The Town Council of Tarnopol, in Galicia, Austria, has a municipal bakery, supplying bread at cost price to the people. It spends £200 a year in giving free bread to the poor. Municipal pawn-shops exist all over the Continent. Boston, U.S.A., runs its own printing establishment, on which it made a profit of £2,000 last year; whilst Dresden, in Germany, has its own daily newspaper, which is owned and issued by the Municipal Council. Roubaix, in France, has also its bakery and municipal kitchens, where food of the best quality is supplied at the lowest price. It also has a Bureau of Medical Assistance, especially for women, and a free Legal Bureau. Lille has a municipal theatre, where four hundred free seats are allocated to citizens at each performance. And so I might go on quoting indefinitely illustrations of powers possessed by municipalities at home and abroad. If, therefore, municipal traders are to follow the precedent already established, there is ample scope for development in every direction.

Municipal banking is one of the questions which is beginning to receive a good deal of attention. It is by no means new. For two years, 1793-5, the Corporation of Liverpool issued notes, or at least had power to do so, to the value of £3,000, to enable the cotton trade to tide over a crisis. In the Island of Guernsey some interesting experiments have been tried. The Treasurer of the States of Guernsey, in reply to an inquiry from the Glasgow Town Council, stated that the population of the States was 34,000, the revenue of the Government from all sources £61,000, and that for the last forty years they had in circulation 40,000 £1 notes, the security for which was the ratable property of the island. A part or the whole of these notes could be redeemed at any time by a general tax on the ratable property of the island or by yearly instalments out of the surplus revenue. "But," adds the States Treasurer-General, "we are in no hurry to do so, seeing that by means of these notes we have £40,000 free of interest at our disposal for States' purposes." The question at once arises, if the States of Guernsey can do this, why not a municipality? In 1895 Glasgow Town Council unanimously adopted a resolution to appoint a sub-committee to enquire into and report on municipal banking. After four years' deliberation, the committee submitted a report about the beginning of September this year (1900), which the Town Council after discussion rejected by 28 to 17 votes. The report was as follows :—

(1) That Parliamentary powers be sought for the issue by the Corporation of notes, payable to bearer in gold on demand, to an amount not exceeding £500,000, against which the Corporation shall not be required to have on hand, in gold or negotiable securities, more than one-half of the amount of the total issue current from time to time, the other half being adequately secured by the surplus assets of the Corporation, estimated at present to amount to £3,440,344; and (2) that, to facilitate the operations

of the issue department powers be also applied for to extend the system of receiving deposits, and repaying same on such terms as to interest and dates of withdrawal as the Corporation may from to time fix.

The Glasgow City Council has been led to this action mainly on account of the great burden of interest the Corporation has to pay on loans, stocks, and other debts. The interest paid last year amounted to £330,462 3s. 7d., which sum is nearly half the total assessments of the city (£720,814 19s. 8d.) and equal to a burden of 1s. 7d. per pound on the ratable value of the city. This burden of interest may be entirely removed by the issue of municipal bank notes redeemable by the formation of a sinking fund.

Now what would Municipal Banking mean to a municipality? Take Manchester, for example. From rates, gas, electricity supply, markets and water this city derives a revenue of over £1,800,000—or not much under £2,000,000 per annum. All this money and all the other vast sums which the City Treasurer has to account for have to be entrusted to some private enterprise banking establishment. The bankers make a big profit on the turnover. Two millions of revenue of itself would not be a bad start for a Municipal Bank. Yet this is but a small portion of the money that passes annually through the hands of the Corporation. Manchester owes more than £15,000,000 of borrowed money. The money borrowed every year on the security of the rates has to pass through the banks, and there is a large sinking fund entrusted to them, to which the annual contributions last year totalled £111,041. On this the bankers do good business for themselves and get their full commission. Money entrusted to the bankers by the Corporation does not, of course, remain idle in the banks. The bankers trade with it as they do with all their deposits. They use it in many ways for the profit of their own business, paying the current rates of interest to the Corporation. Now if the Corporation set up its own bank, and all its revenue were deposited therein, and the trade of banking carried on by the City Treasurer in the usual way as the municipal banker, the city would not merely get the current rate of interest for its deposits, but the bankers' profits also.

The banking business transacted in Manchester every year must amount to a fabulous sum. If there were a municipal bank a fair proportion of this business would be done through that bank. It would be as safe as the Bank of England. Ratepayers would have a double interest in doing their business through the Corporation Bank, for they would not only get as good terms in the ordinary way of trading but they, as ratepayers, being shareholders in the concern would get a dividend of profits on the business in the same way as they do in the gas and water undertakings. Always keeping a sufficiently large reserve or sinking fund to meet immediate demands, the city would, at the same time, always have a large available capital to use for the promotion of the public good.

This is equally true in degree of every municipality. Private banking concerns fail, but the municipal bank would always be sound and unbreakable. Every public safeguard possible would exist to prevent any wrong use of the funds. The more the ratepayers and inhabitants invested in their own bank the more careful would they be that the searchlight of public opinion and scrutiny should secure the safety of the public funds. Give the people a larger pocket interest in the management of public affairs and they will inevitably intervene more actively in looking after their own interests.

In this matter of Municipal Banking we are far behind other countries. There were Municipal Savings banks in Italy and Belgium three hundred years ago, which have continued to this day. In Germany there are 1,300 cities and communes having municipal savings banks, with 4,000,000 depositors and £100,000,000 of deposits. In Austria there are 368 towns and cities having these establishments. In France there are municipal

savings banks in 458 towns and cities with 6,000,000 depositors and £120,000,000 deposits. Every important city in France has its municipal banks. They are an immense saving to these cities, enabling them to borrow money for municipal improvements and affording absolutely safe banks for the savings of the people. Even in Brazil there are municipal savings banks. Municipal Banking in Great Britain would enable municipalities to spend money freely on improvements without the necessity of borrowing, which means avoiding interest. The figures quoted in a former part of this article show that had Municipal Banking been in operation during the past twenty years the municipalities would now have been saving £3,000,000 a year which they are now paying in the form of interest on borrowed money.

Closely allied with Municipal Banking is the question of Municipal Insurance. I have not been able to ascertain the total amount paid as insurance on municipal property, but the sum must be enormous.

During the past few months another question has forced itself upon the notice of the community. The alarming burden which the price of coal has imposed, not only upon domestic consumers, but also upon trade and commerce, has become a serious menace to our commercial prosperity. For the moment I will confine myself to its effects upon the workings of municipal undertakings. Bradford consumes 170,000 tons of coal yearly at the gas works. This year the price of coal has gone up from five to seven shillings per ton, the effect of which is to convert a surplus of £16,000 last year to a deficit of £26,000 this year, necessitating a considerable increase in the price of gas to the consumers. Glasgow is paying £127,000 more for its coal this year than it did last. These figures are typical of what has been going on all over the country, and users of gas are now, as a consequence, paying from 1½d. to as much as 6d. more per thousand feet this year than they did last. The result is a healthy demand for the establishment of Municipal Collieries. Glasgow is prepared to spend half a million in acquiring one, and Bradford and Manchester Corporations have also endorsed the principle. The question arises is the project feasible or is it one which a municipality should undertake? No reasonable doubt can be entertained that the reply to both questions is yes. In the running of the tram system, for example, municipalities have, as a rule, power to manufacture all the accessories. Coal is a necessity to the production of gas, and if it be right for municipalities to manufacture gas it cannot be wrong for them to own the colleries from which the gas is to be made. One almost fears to quote figures in this connection as to the saving that might be effected. I had occasion some years ago to go into the matter thoroughly, and without bothering my readers with details, which can be found elsewhere, I can assert confidently that could the whole coal trade of the nation be either municipalized or nationalized the result would be, assuming the present price of coal to continue, an addition to our national income of £77,000,000 sterling per annum. Of course, under either municipalization or nationalization the present prices of coal would not continue, but allowing for a living wage of, say, one shilling per hour, to our colliers, and the acquisition of the mines by the issue of either Treasury bonds by the State or municipal bonds by the municipality, at least £20,000,000 a year would remain to apply to the public good. Municipalization of coal mines, therefore, is an addition to municipal "debt" which the ratepayers may undertake with a light heart.

How to deal with the liquor traffic is one of those social problems which are always with us. No language is too lurid in which to paint the evils which flow from the public house. Its existence, however, and—speaking as a temperance reformer, I regret to say—its continuation must be accepted as facts to be dealt with. Of late years a considerable change has been coming over temperance feeling as to the methods of dealing

with public houses, and amongst these that of municipalization has made very rapid strides. Those who wish to understand this side of the temperance problem cannot do better than consult the very remarkable work on the subject "The Temperance Problem," by Joseph Rowntree and Arthur Sherwell. Briefly, their proposals amount to this: That the number of licensed houses should be reduced to a fixed proportion to population and then municipalized; the profits, which they estimate at about £13,000,000, to be nationalized and afterwards distributed among municipalities in proportion to population, and applied to purposes of recreation, etc., for which no taxing powers exist. Fixing the sum to be paid on a basis of £1,000 per 10,000 inhabitants, it would give Manchester £50,000 a year; Birmingham £48,000; Bradford £21,500; Liverpool £52,000; Leeds, £36,500; West Ham, £20,000; Cardiff, £13,000; Glasgow, £75,000; and Preston, £11,000. With these sums at their disposal yearly social reformers could go far and do much in the way of providing wholesome recreation for the people, and thus fight the drink traffic with its own money and on its own grounds. For it is as the "Poor Man's Club" that the public house has the greatest claim upon our consideration. Could it be transformed, as under municipal ownership it well might be, from a mere drinking den, associated with all kinds of demoralizing influences, into a healthy place of public resort, the temperance problem would at once pass out of the political arena and come wholly within the sphere of moral effort and take its place with, say, vegetarianism as an attempt to secure a cleaner standard of living. The subject is too big to be treated as an item in an article, and I refer to it more for the purpose of setting temperance folks the task of studying it afresh from the standpoint of municipalization than from any hope of exhausting it. Threefold option—the power to prohibit, reduce or municipalize—seems to me to offer a platform upon which all shades of opinion might well unite in an effort to eradicate this greatest of all social cancers.

Another improvement closely allied to the housing problem is that of cheap and easy transit out into the country. In many cases it happens that what are called housing improvements really intensify the evil which they are expected to remedy. To demolish a slum area where 225 people are crowded into the acre and to erect on the same area houses to accommodate 100 people to the acre is not solving the Housing Problem. It is only driving the poor into other parts of the city and producing congestion therein. The district in which the plague broke out in Glasgow, in September, 1900, is a case in point. The improvements going on on the northern side of the River Clyde drove the people out from their rookeries, and thousands of them made they way across to the southern district, which thereupon became congested and a seed-ground in which the plague took root. Too much praise cannot be given to the authorities for their magnificent handling of the danger after it arose, but had the city of Glasgow possessed or exercised the power of acquiring land outside the city, or where it was cheap, to run cheap trams to convey the people to and fro from their work, places of business, and so on, the improvements in the Salt Market would have gone on all the same without producing the after consequences which, by universal admission, they have done.

Strange as it may appear, it is none the less true that Municipal Trading is but a reversion to a state of things which existed in England hundreds of years ago. In the 15th century every town was a self-governing community, making its own laws, jealous of its rights and privileges, and brooking no outside interference, whether from king, noble or cleric. Each town held property in common fee—common lands upon which the municipal swineherd tended the flocks of the citizens.

So also in the case of other property which Corporations held for the good of the community—fisheries, warrens, saltpits, pastures reclaimed from the sea, plots of ground saved in the dry bed of a river, building sites and all waste places within the town walls;

warehouses and shops and tenements, inns and mills; the grassy slopes of the city ditch, which were let for grazing; the towers of the city walls leased for dwelling houses or storerooms, any property bequeathed to the community for maintenance of the poor, or repairing the walls, or paying tolls and taxes—all this corporate wealth which lightened the burdens of the taxpayer was a matter of concern to every citizen. The people were themselves joint guardians of the town treasure.

Every citizen was soldier, and policeman, and worker. When the city walls had to be manned, or were in need of repair, or canals had to be cut, or wharves erected, or barges built, or land drained, each man took his share of the work as a part of his duties as a good citizen, receiving, nor expecting, neither fee, nor reward beyond the bread and ale provided from the common purse. Under such conditions were laid the foundations of English citizenship. The townsmen and Burgesses had a strong incentive to interest themselves in the public life of the town because of the common stake they had in its property.

The battle now being waged around Municipal Trading is but the renewal of a struggle carried on for 200 years against king, cleric and lordling ere yet there was a parliament in being. The issues remain the same, however much the methods may have changed. As the burghers triumphed then so will they now. Already property of the estimated value of £500,000,000 has passed from private to public ownership. And the process of conversion is going on daily. The citizens of our towns are beginning to realize the benefits which follow in the train of common ownership. On every side can be seen the dawning of the idea that were the means of producing the fundamental necessaries of life—food, clothing, shelter—owned communally, as many of the conveniences already are, the problem of poverty would be solved. Municipal dairies, municipal farms, municipal bakeries, municipal workshops, these are the germs from which in time will develop a network of industries from which the citizens of a town will by their common labor be able to supply themselves as from a common storehouse with all the requirements of a healthy and free existence.

Foreign wars alone threaten the outlook. Neither committees, nor interested schemers, nor selfish interests can hinder a people from developing their institutions so as to meet their social needs. If Parliament refuses to assent, the change will come just the same. In the old days the battle was waged to preserve for the towns the right to do as they pleased within their own walls; it may be necessary to struggle again to secure that right, but the issue will never be in doubt. When sufficient steam has been generated in a boiler an outlet must be found or there comes an explosion. And it is not the steam which is shattered. Manchester, Glasgow, Bradford, will go their own way with or without the blessing of Parliament.

MAMMOTH TRUSTS AND MUNICIPAL TRADING.

In the Nineteenth Century for November, 1902, Mr. Lionel Phillips, (a South African capitalist, partner in the firm of Wernher, Beit & Co., President of the Transvaal Chamber of Mines, and one of the four Uitlanders condemned to death on account of the Jameson Raid), groups two subjects as being portraits of recent growth and supreme financial importance—the gigantic trusts which are being sprung upon us with such startling, rapidity and the trading propensities of modern municipalities. The relation between them is, he says, closer than appears on the surface. Both are the product of an age of large progressive ideas, both are opponents of ordinary individual enterprise, both aim at sweeping away middlemen with a view to securing for the central organization all the profits, both tend to paralyze individual activity, and the paths of both are beset with similar perils.

The danger in front of the trusts is that when the original organizers and promoters die it is by no means sure that worthy successors will be found; on the contrary it is most improbable that they will be found. The qualities which will make a man acceptable to a board of directors are not those which will qualify him to run an immense business. To achieve his position he must necessarily be of an intriguing, tuft-hunting cast; to perform its duties he will need qualities almost the opposite. Initiative, which is one of the chief attributes of a successful business man is likely to be stifled out of existence in a company which must be conducted more or less on the lines of a bank by a set of strangling albeit well-considered rules and regulations. The tendency will inevitably be not to take risks but to follow in the footsteps of predecessors and to do nothing to imperil comfortable jobs. Hence, gradual decay, the concern bei beaten in branch after branch by younger competitors with more enterprising management. Immense capital may put off a crash for a long time, but the end must come. No general business is sound the scope of which is too wide for the supervision of a head organization.

The fate of trusts must hang upon their management and not upon the amount of capital at their command. Unfortunately this is not, says Mr. Phillips, necessarily the case with municipal enterprise in the same field for, unlike the trusts that must hold their own against competitors, municipal corporations enjoy special privileges and special protection. They are able to unload their losses on the community to call up additional capital by a mere resolution and to pledge the public credit almost at will. To an ordinary trader, failure spells ruin; to a municipal council, if detected, which is by no means certain, it means at most non-re-election. Mr. Phillips then goes on to discuss what, in his opinion, it is reasonable and proper that a municipality should do for itself:

Nineteenth Century, Nov., 1902.

Good sanitation and adequate supply of fresh water, a jealous supervision of the food supplied to the people, the provision of a safe and adequately lighted highway, and regulations for good order are the principal matters for their care. The control, but not the installation or working, of appliances for purposes of locomotion, may be reasonably considered within their sphere of labor. Whilst it is essential for the council to maintain a staff and to possess plant and tools for repairing and cleansing the streets and drains, their dimensions should be reduced to a minimum. It is obviously desirable in the public interest that they should be the employers of as few persons as possible who take part in electing them.

The extent to which an expenditure of ratepayers' money should be permitted in beautifying the town, in supporting charitable institutions, in contributing to the advancement of knowledge in science or art, must be mainly dependent upon the position of the inhabitants, who, however, should, wherever possible, have an opportunity of making their views known before funds which are their property and which they are forced to supply are devoted to any object other than strict necessities. To point to instances of successful enterprises governed by elected councils is no refutation of the obvious general principle, that businesses must be better conducted by those whose welfare depends upon them than by those whose interest is at best altruistic.

It is alleged by the advocates of municipal trading that public works are better carried out by those bodies than by contractors, but surely that is a fallacious argument. If councils are capable, through their officers, of preparing plans and carrying out great public works, it follows that they must be capable of looking after contractors. In the latter case they have not, as amateurs, to search for the best market to buy in, and to find a staff of competent subordinates and workmen, but have merely to see that

the successful tenderer, who will assumedly be an expert, does his work faithfully. It is indisputably a smaller task to supervise than to execute any work.

Another advantage of the contract system lies in the actual cost of a proposed undertaking being fixed. Estimates are frail craft to rely upon, especially when they are framed by an engineer, however conscientious, without competent people to study, criticise and ask pertinent questions in regard to them, but when they are launched upon a sea of technical ignorance, to use a simile, what can be expected of them? Of course the contractor makes a profit, and often scamps the work if he can, but open competition is a much better guarantee than the blind following of a professional official, which is what the controlling influence of the worthy gentlemen who compose municipal councils amounts to. If, to become a town councillor, it were necessary to pass a very searching examination in every technical detail of the important engineering enterprises which municipalities embark upon, there might be some justification for the policy they pursue; but then, alas! there would be no town councillors. As it is, and as, moreover, they are elected rather on account of their political views than their professional knowledge or business acumen, it would be well to curb their growing borrowing and trading propensities; and, indeed, if a disaster is to be averted drastic steps must be taken to that end.

Splendid prodigality is a malady easily caught by the incautious in their everyday lives; in a public body it becomes a disease positively dangerous to the community. That private enterprise should not be allowed to exploit the public highways to the detriment of the ratepayers to whom they may be deemed to belong is a perfectly sound contention, but surely there is a means of preventing this without resorting to the unsound practice of municipal trading. Cases are conceivable where the authorities must act for the inhabitants. In a rising town the water-supply is found to be defective or deficient: it becomes imperative to bring water a considerable distance, and private enterprise might shrink from the risk unless excessive rates were permitted to cover it. In such a case the municipal body would serve the community by calling for tenders to do the work—after an exhaustive examination of the question had been made by experts. In any case, however, where the supply of water is at hand, and the proposition becomes a comparatively simple one, the undertaking would be best left to private enterprise under certain restrictions, a condition that applies with equal force to all such services as tramways, lighting works, and other schemes for the public health, comfort, and convenience. The town council is obviously concerned, on behalf of the ratepayers, that the construction shall be substantial, the management efficient, and the charges fair.

To meet the just contention that concessions should not be granted to individuals at the expense of the public, the principle adopted with success in some German cities might advantageously be applied here—namely, that of profit-sharing. Plans, specifications, and tariff rates would be submitted to and approved by the council, and after a fixed rate of interest and a fair provision for redemption had been taken from the profits, the balance would be divided in a fixed proportion or on a sliding scale between the concessionaire and the corporation as trustees for the inhabitants. Some of the special advantages of such a system are included in the following:—

A. Works of a special kind would be erected and managed by specialists.

B. Failure would fall upon the concessionaire and not upon the ratepayers.

C. Unfair competition with business men would be avoided.

D. The ratepayers would be interested in the profits without suffering the risks.

E. New inventions could be made available without having possibly to make large sacrifices in discarding obsolete appliances.

F. The rateable property could not be pledged to a dangerous degree.

G. Members of the council could devote better attention to their real duties.

H. A. conflict with, or an improper surrender to, trade unions would be impossible.

I. The alarming increase in the rates would come to an end.

The greatest danger from municipal interference in the field of commerce lies in the temptation to expand, to make investments in practically untried ventures, to emulate the example of neighboring towns, where the conditions, size, or financial position of the people possibly warrant the experiment, and to the creation of the worst of all conceivable monopolies, a community through its elected representatives trading against itself. Apart from these weighty considerations, and the usual lack of knowledge and experience of the bodies in whose hands rests the, disposal of the guaranteed loans, there is the probable contingency that within a limited time the systems and appliances will be obsolete. The possession by a municipality of an installation for any given purpose must cause it to look askance at an invention likely to supersede it, and no public bodly should be so involved as to find itself opposed to discovery, or to improvements in mechanical appliances.

Theoretically, the direct intervention of the municipality in trade should bring a profit to the ratepayer which would otherwise fall to the private trader; in practice the opposite result must ensue in the great majority of cases.

Assuming that town councillors had the knowledge and time to manage the prodigious enterprises they father, what compensation can be offered to them? Is the honor and glory of serving their fellow men adequate remuneration for the stupendous work and responsibility? Trusts at least entrust their destiny to those who have a pecuniary interest at stake.

ADVANTAGES AND DISADVANTAGES OF MUNICIPAL TRADING.

London Spectator, 31 Mar., 1900.

All municipal trading brings with it certain disadvantages. If it were carried to any great extent, and the number of men in the employment of a corporation largely increased, the relations between elector and elected might develop into relations between employe and employer, a state of affairs which would sooner or later mean the downfall of civic honesty. If the corporation were only the monopolist of gas and tramways and electricity, there would be some chance of the peculiar nature of the industry minimising this evil, but there is nothing civic and "natural" in the monopoly of saddles and dumb-bells. But it is useless to deny that municipal trading is in the air, and the experiment, whatever its perils, is upon us. And to the undertakings, if they are genuinely municipal, and seek to offer better and cheaper services to the people, we can offer no reasonable objection. To collectivism as a general principle we are strongly opposed; but measures advocated by Collectivists which justify themselves on their merits and not on deductions from an immature political creed, we are ready to welcome. We would only suggest two safeguards, which we trust the Joint Committee will consider. It seems to us that the old talk of "natural monopolies" should to some extent be revived. There are certain industries which are best left to private enterprise. If a corporation can undertake certain services with success, that is no reason why it should constitute itself a "universal provider." A municipality may be a very good tramway owner, but it may be a very second-rate saddler, and to us there seems something undignified and futile about this huckstering mania. In the second place, let the fullest reports of success or failure be laid before the public. There can be no question of arresting the experimental fever, but we can makes sure that its results are strictly supervised. Some form of Government inspection and detailed report would often prevent public monies being squandered out of philanthrophy on whims.

COST OF MUNICIPAL ENTERPRISE.

This is the title of a remarkably able paper read by Mr. Dixon H. Davies before the British Society of Arts, and afterwards printed in pamphlet form. It is one of the papers which should be read by all who are desirous of becoming acquainted with both sides of this subject:

Municipal Affairs, 1899. Vol. 3, p. 360.

Mr. Davies examines the arguments for municipal enterprise based upon cheap money, the right of the community to the profit of communal service, the sordid motives of private enterprise, and the objectionable nature of private monopolies. The author considers the cost of borrowed money as "a very small element in the success of a trading concern as compared with personal talent, so that this advantage is not of the importance commonly attributed to it." He thinks "nothing for nothing is a sound rule, and that the astute persons who finance public loans take care to exact the full market value of the risk they take."

Mr. Davies points out the difficulty of holding the balance evenly between the ratepayer as proprietor of the works and the ratepayer as consumer. In the case of Sheffield, "the corporation have just realized a handsome profit out of the working of the tramways, and they propose to appropriate $58,320 of this profit to reduce the amount which otherwise would have to be levied by decreasing the general district rate of 1.2 cents to the dollar. But the working class who live along the tramway route are up in arms at this proposal. They say that they are practically the sole users of the tramway; that a lowering of the district rate means hardly anything to them; and that the people who will benefit by that will be the rich property owners—in fact, that such an appropriation of the profits means a stealing from the poor to give to the rich!" Several similar illustrations are given.

Mr. Davies considers the cry about the sordid motives of private enterprise largely cant—or at best ignorance, and says in conclusion: "Municipalities would be well advised to confine their functions to those important public matters in which all their constituents are equally interested, and which must of their nature be performed by the ratepayers in common, such as the administration of justice and police, the care of the public health, the provision of parks and open spaces, and so forth."

The paper contains some interesting statistics in relation to the increase in municipal debts.

MUNICIPAL AND PRIVATE GAS PLANTS IN THE UNITED KINGDOM.

Extracted from a British Return, giving statistics up to year ending March 25th, 1898:

TABLE I.

—	Companies' returns.	Local authorities' returns.
Number of authorized undertakings included in return	436	212
Amount of authorized capital	£61,571,412	£30,539,840
Capital paid up and borrowed	£51,260,194	£27,756,324
Receipts	£13,447,570	$6,759,883
Expenditures	£9,923 823	£5,058,705
Tons of coal carbonized	7,963,465	4,652,688
Number of cubic feet of gas made	84,040,175,901	48,652,588,526
" " sold	77,772,192,391	44,447,486,817
Length of gas mains in miles	15,509	9,648
Number of consumers	1,549,627	1,475,749
" public lamps lighted	314,451	289,352

The most interesting feature of this table is the fact that while there are over twice as many private as municipal plants, and while the capital, the receipts and the expenditures of the former are about double in each instance those of the latter, the number of consumers of municipal made gas almost equals the number of consumers of gas furnished by private companies. Little light is thrown upon this peculiarity by the return, and no explanation is attempted. There is a small margin between the average price of gas sold by the municipality and by the private company, as shown in Table II., but the best explanation seems to be found in the very low price that some large towns offer, which greatly increases the number of consumers in that town, and, of course, the total for all England.

TABLE II.

—	Companies.						Local authorities.					
	Receipts per 1,000 cu. ft.		Expenditures per 1,000 cu.ft.		Profits per 1,000 cu. ft.		Receipts per 1,000 cu. ft.		Expenditures per 1,000 cu.ft.		Profits per 1,000 cu. ft.	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
1893	3	10.21	2	9.82	1	0.39	3	5.01	2	8.09	0	8.92
1894	3	10.60	2	8.64	1	1.96	3	4.24	2	5.42	0	10.82
1895	3	7.89	2	8.09	0	11.80	3	2.42	2	4.95	0	9.47
1896	3	6.37	2	7.04	0	11 38	3	0.94	2	3.76	0	9.18
1897	3	5.50	2	6.62	0	11 88	3	0.50	2	3.31	0	9.19

In this connection, the Return offers some very interesting information as to rates of profit received by the various companies:

—	1893.	1895.	1897.
No dividend	23	19	12
Less than 4 per cent	22	13	14
From 4 to 6⅔ per cent.....	75	76	69
From 7 to 9⅔ per cent.....	115	103	106
10 per cent	142	160	160
From 10⅓ to 12⅔ per cent	32	38	50
From 13 to 22½ per cent.....	10	15	16
Not given	9	10	9
Total	428	429	436

In other words, over three-fourths of the companies pay more than 7 per cent. dividends, three per cent. pay none, and fully 90 per cent. pay as much and more than the usual rate of interest.

THE LONDON TIMES' INVESTIGATIONS.

EXTRACTS FROM STAFF CORRESPONDENT'S REPORTS.

In the fall of 1902 the London Times sent out a staff correspondent to investigate the workings of Municipal Ownership. A vigorous discussion centred around the letters of this staff correspondent, which appeared in the following issues:

August 19, 23, 28.

September 2, 5, 8, 10, 16, 18, 22, 25, 30.

October 6, 13, 21, 30.

Nov. 11,—conclusions and recommendations.

The drift of the staff correspondent's letters was, consciously or not, strongly against any extension of Municipal Socialism. He was fiercely assailed, motives were very freely attributed to him, and his facts and findings were disputed from beginning to end. Between the dates named above every issue of the Times teemed with letters pro and con.

The correspondent commenced his articles by endeavoring to trace a connection between Socialism—the political article known by that name—and the Municipal Ownership of public utilities. As great stress is laid on this feature, a considerable extract from his arguments is here given:

MUNICIPAL SOCIALISM.

"Times," 19th August, 1902, p. 6.

The application of the phrase "Municipal Socialism" to the innumerable forms of municipal trading and to the direct employment of labor is fully warranted by the fact that the local authorities concerned, whether avowed Socialists or not, are carrying out the Socialists' idea, and the nature of this is, perhaps, the point that claims first attention.

"On the political side," says Mr. Sidney Webb, in "Socialism in England," "Socialism involves the collective control and ultimate administration of wealth production." In an appendix to the report of the Labor Commission Mr. Tom Mann wrote: "The control of industry by the State or municipalities is advocated, because it is believed that such collective control would best secure the interests of all sections of the community." But for the aspirations of Socialists in general, and the way in which they hope to secure them through the medium, in the first instance, of local government, we cannot do better than turn to the following resolution, passed at the International Socialist Conference held in Paris in September, 1900:

Seeing that the term "Municipal Socialism" does not signify a special kind of Socialism, but simply the application of the general principles of Socialism to a particular department of political activity;

And seeing that the reforms connected therewith are not, and cannot be, put forward as the realization of the Collectivist State, but that they are put forward as playing a part in a sphere of action which Socialists can and should seize upon in order to prepare and facilitate the coming of the Collectivist State;

And seeing that the municipality can become an excellent laboratory of local economic activity, and, at the same time, a formidable political fortress for the use of local Socialist majorities against the middle class majority of the central authority when once substantial powers have been obtained;

The Congress declares:

That it is a duty of all Socialists, without misunderstanding the importance of the wider political issues, to make clear to all the value of municipal activity, to recognize in all municipal reforms the importance which attaches to them as "embryos of the Collectivist State," and to endeavor to municipalize such public services as the urban transport service, education, shops, bakeries, medical assistance, hospitals, water supply, baths and washhouses, the food supply and clothing, dwellings for the people, the supply of motive power, public works, the police force, etc., and to see that these public services shall be model services as much from the point of view of the community as from that of the citizens who serve it.

That the local bodies which are not large enough to undertake themselves any of these reforms should federate with one another for such purposes.

That in a country where the political system does not allow municipalities to adopt this course it is the duty of all Socialists in such bodies to endeavor to obtain for municipal authorities sufficient liberty and independence to obtain these reforms.

Here surely is evidence sufficient that "Municipal Socialism" whether called by that name or by the alternative titles of "Municipal Enterprise" or "Progressive Municipalism," is, in point of fact, Socialism pure and simple, and is regarded by the Socialists themselves as merely a stepping stone to "the realization of the Collectivist State."

The next point to inquire into is how far the abstract principles of the Paris resolutions are being actively advocated and enforced by the Socialist parties in this country.

In Great Britain the Socialists are represented mainly by three organized bodies—the Social Democratic Federation, the Independent Labor Party and the Fabian Society. Of these the first mentioned is the oldest. It started in 1881 as the Democratic Federation, and its first definitely Socialist pronouncement was about two years later, when it issued a manifesto headed "Socialism Made Plain," following this up by a change of name in 1884 to its present title, The Independent Labor Party, and the Fabian Society, a much more active body in regard to propaganda. As defined by Mr. J. Bruce Glasier in the official organ of the party:

The S. D. F. worries itself with mechanical formulae of economics, and frowns upon every constructive measure not sanctioned in its precepts. The I. L. P. possessed of the faith of Socialism, boldly seeks to achieve in the midst of existing society.

"In addition," says another authority on the subject to its chief aim of organizing a definite Socialist Labor Party in the country, "the I. L. P. took upon itself at the outset the task of endeavoring to win the political forces of trade unionism from the control of the capitalist parties, and to combine those forces on an independent political platform. . . . It believes that once the political forces of trade unionism are definitely severed from the capitalist parties the onward march of democracy towards Socialism will be rapid and irresistible."

As for the Fabian Society, formed in 1895, that is a body which devotes itself mainly to Socialist educational work among other organizations and the mass of the electors by means of pamphlets, leaflets, and in other ways. It puts forward no candidates of its own, and does not officially take part in elections, though it claims to have been specially successful in getting its members adopted as candidates by other bodies.

The three organizations may differ somewhat in their ideas and operations, but they agree alike in their open avowal of unqualified Socialism, and in their belief that one of the most effectual means of securing it is to be found in the strengthening of their influence on local governing bodies. Their policy is, indeed, as the following details will show, in full accord with the precepts laid down in the Paris resolution.

The Social Democratic Federation has for its object, among other things, "The socialization of the means of production, distribution and exchange, to be controlled by a Democratic State in the interests of the entire community." To this particular end the means of production, distribution and exchange are to be "declared and treated as collective or common property"; and the production and distribution of wealth are to be "regulated by the community in the common interests of all its members." In order to "palliate the evils of our existing society the Social Democratic Federation urges for immediate adoption" the following principles (inter alia):

Eight hours or less to be the normal working day, or not more than 48 hours per week, to be fixed in all trades and industries by legislative enactment. Imprisonment to be inflicted on employers for any infringement of this law.

State appropriation of railways and canals.

The extension of the Post Office banks so that they shall absorb all private institutions that derive a profit from operations in money or credit.

Nationalization of the land, and the organization of labor in agriculture and industry under State municipal control or co-operative principles.

The compulsory construction of public bodies of healthy dwellings for the people, such dwellings to be let at rents to cover the cost of construction and maintenance alone.

Public ownership and control of gas, electric light and water supplies, the organization of tramway and omnibus services, and similar monopolies in the interests of the entire community.

The establishment of municipal hospitals and dispensaries, cemeteries and crematoriums. Public control of the food and coal supply.

In an article contributed to Justice, the organ of the Social Democratic Federation, on December 28, 1901, by Mr. J. Hunter Watts, there is the following further exposition of the views of that body:

"Let us see to it that the proportion of able-bodied workers who are denied employment by the capitalist class because it cannot extract a profit from the more than a certain number of them are afforded useful and productive employment by the organized community—in other words, let the State or the municipality organize their labor in the production of the food, housing, clothing and other necessaries of life which they are able and willing to create and quite as ready to consume, if any apprehensions are entertained that this State organized industry might help to swell the glut of commodities which periodically embarrasses the profit-mongering class."

Mr. Watts would have the Socialists "capture administrative bodies and, through them, initiate the system of production for use which will ultimately supplant production for profit." He continues:

"The capture of a few more seats on administrative bodies by resolute Socialists who have a clear aim and purpose before them—that of building up a co-operative commonwealth—will enable us to guide the policy of a great many of those bodies, for they are mainly constituted of well-meaning people who, having no policy of their own, are only waiting for a lead. . . . The step towards Socialism which we can make through the municipality, the County Council, or the Board of Guardians, may be only a short one, but it is one we shall never require to retrace."

The same writer, in an article entitled "How to Force the Fighting," contributed by him to Justice on May 31 last, speaks of the "conspiracy of silence," with which, as he alleges, the "capitalist press" has treated the Socialist movement, and he goes on to say:

"Indubitably the most favorable opportunities to force the fighting will present themselves as soon as Socialism gains stronger representation on administrative bodies, which, guided by its principles, will fearlessly champion the cause of the masses while the classes are still relying upon the protection of their privileges by the enforcement of class-made laws. Indications are not lacking that local administrative bodies will soon come into collision with the legislative authorities, and we must inspire the former with sufficient resolution to prevent them from knuckling under. Mankind owes as large a debt of gratitude to the law-breaker as to the law-maker. In the future it is more likely to increase its obligations to the former than to the latter. The growing opposition to municipal trading which is being organized by the capitalist class is but a muttering of the storm that will burst as soon as the community makes a serious effort to compete production for profit out of existence by organizing produc
use. It is not for us to endeavor to avert or delay the collision we foresee.
should hasten it by electing delegates who will endeavor to fulfil the mandate they
regardless of legality or illegality. Let us remove the reproach that we are "a law-abiding people," for that term, shaped as a compliment on the glib tongues of politicians, means only that we are statute-respecting fools.

"The Independent Labor party aims at the creation of "an Industrial Commonwealth founded upon the socialization of land and capital"; one of the methods by which it hopes to secure this aim is "the independent representation of Socialist principles on all elective bodies"; while its programme demands, among other things, the enactment of the following measures:

"1. A maximum eight-hour working day, a six days working week, with the retention of all existing holidays and Labor Day, May 1, secured by law.

"2. The provision of work to all capable adult applicants at recognized trade union rates, with a statutory minimum of sixpence per hour. In order to remuneratively employ the applicants, parish, district, borough and County Councils to be invested with powers to (a) organize and undertake such industries as they may consider desirable;

(b) compulsorily acquire land, purchase, erect or manufacture building stock, or other articles for carrying on such industries; (c) levy rates on the rental values of the district and borrow money on the security of such rates for any of the above purposes."

Nor are these demands regarded as merely dreams, for in a pamphlet entitled "The Independent Labor Party: What it is and Where it Stands," one may read:

"The practicability of Socialism is shown in no better way than by recent advances in municipalization. The great point which experiments in municipalization have proved beyond dispute is that public authorities can organize labor and provide for the needs of the people, not worse, as was held until recently, but very much better than private capitalists. Every town council in the country is contemplating some greater or less application of the Socialist idea to its own special circumstances. So with the ideas which underlie all working political action Socialism is effecting a revolutionary change. The old notions of individual enterprise are going."

In the same spirit is the following extract from a lecture on "Socialism and Politics" delivered by Mr. J. W. Mackail, under the auspices of the Independent Labor Party at Clifford's-Inn-Hall, on February 5, 1902:

"The penetration of Socialist ideas has already gone so far that a certain amount of Socialist or semi-Socialist work is actually being done through a capitalist Parliament and capitalist municipalities. The more of such work is done, by whatever hands, the greater is the advance made in what is the present-day work of the Socialist party education towards revolution. Even what is called gas and water-Socialism is not without this educational side. The nationalization, or municipalization, of large public services constitutes a series of useful object lessons towards the communization of capital and machinery. The extension of a general control by Government over the conditions of industry is a step, though but a small one, on the way towards the freeing of labor. The provision, by definite enactment, of a living wage, both for workers and for those who cannot or ought not to work—a provision which the younger generation may possibly live to see—may result in so great a bettering of the physical life of the people as will enable the preaching of Socialism to be carried on under far more favorable conditions."

The "basis of the Fabian Society, to which we may next turn, lays down that it consists of Socialists," and that it works among other things, "for the transfer to the community of such industrial capital as can conveniently be managed socially." For the attainments of the ends it has in view "it looks to the spread of Socialist opinions, and the social and political changes consequent thereon," and the chief object to which it devotes its resources is "the education of the people in political, economic and social subjects."

On the question of nationalization and municipalization of industry the best exposition of Fabian Society views will be found in the following resolution which it brought before the International Socialist Workers' and Trade and Union Congress held in London in 1896, though the same ideas, in less concise form, are still to be found throughout the great number of leaflets and pamphlets which the society issues in the interests of the propaganda:

"In view of the importance of losing no opportunity of transferring industrial capital from private to public control, and securing to as many wage-workers as possible the comparative independence and permanence of employment enjoined by public servants, especially in the more democratic countries, this Congress recommends all workers to agitate and vote in favor of:

"1. The immediate nationalization of all mines, railways, canals, telegraphs, telephones and other national monopolies;

"2. The immediate municipalization of the supply of water, gas, electric light, of docks, markets, tramways, omnibus services and pawnbroking; lake and river steamboat services and of all other local monopolies;

"3. The immediate undertaking of public authorities of: (a) the manufacture and retailing of tobacco and bread; of the supply of coal, milk and other universal necessaries; and of the building of dwellings for the workers; (b) the manufacture and retailing of alcoholic drinks."

A further resolution submitted by the Fabians declared that, while the "process of evolution towards the Co-operative State" was proceeding, various measures were urgently demanded to relieve the pressure in the industrial market, included in them being "the manufacture by the Government and municipality of all commodities required by them," and "the extension of municipal activity to the complete supply of all common services," together with the provision of healthy dwellings for the workers.

The Fabian "Labor Policy for Public Authorities" includes a normal eight-hour day for all public employees, not less than trade union rate of wages, direct employment of labor as far as possible, fair wages clause in all contracts that cannot be avoided, and the granting of permission to local trades councils to use the town hall or other public buildings for the purposes of their meetings, either free or at a nominal charge.

That these aspirations of the British Socialist societies are in full accord with the resolution of the Paris International Conference will have been already observed; but, as further indicating present-day tendencies, reference might also be made to a bill introduced by the Italian Government early in the present year, as the result of Socialist agitation in that country, in order to facilitate the municipalization of the public services. The bill set out that in addition to the taking over of water, lighting, tramways, omnibusses, baths and washhouses, abattoirs and markets, municipal bakeries might be established; a municipality might undertake the production and distribution of electric power derived from rivers; it might plant nurseries for the supply of fruit and other trees and shrubs; it might provide for the conveyance of coffins to the cemeteries, and arrange for the establishment of night refuges for the destitute, while power was even given for a municipality to acquire a monopoly of bill-posting within its own area.

This brief outline of the aims, aspirations and methods of Socialist organizations at home and abroad in regard to the administration of local government may be commended to the serious attention of those who have hitherto failed to perceive how the municipalization alike of public services and of private enterprises which is being carried on by so many local authorities of the "progressive" type is proceeding on the exact lines laid down by the Socialists for the attainment, not of any saving on the rates, or any "improvement" of public services, but of the "Collectivist State" of the Paris resolution, the "Industrial Commonwealth" of the Independent Labor Party, and the "socialization of the means of production, distribution and exchange," as defined by the Social Democratic Federation. Whether they realize the fact or not, and whatever their motives may be, the local authorities in question are undoubtedly playing the Socialist game.

SOME PARTICULARS OF BRITISH MUNICIPALIZED INDUSTRIES.

In his letter in the Times of Aug. 23 the correspondent shows to what great length have gone in England the municipalization not only of the quasi-public industries, but also of certain miscellaneous trades which in other countries are left to private enterprise:.

Times, Aug. 23, 1902, p. 6.

The idea of providing municipal sterilized milk for babes was started at St. Helens a few years ago, the corporation supplying not only the milk, but feeding bottles as well, while to each purchaser there were given two teats, which she was required to bring at intervals to the corporation milk store, so that they could be tested as to their cleanliness. Liverpool, Dukinfield, York, Ashton-under-Lyne, Belfast, and other towns have since adopted the system, notwithstanding the protests which have been

raised in certain quarters that the corporations were competing unfairly with the large firms of milk dealers, who could just as well provide sterilized milk as the local authorities themselves, especially when the latter did not have their own farms and their own cows. There have been proposals that corporations should municipalize the milk supply, for adults as well as for babies; but there is no evidence of this having been done up to the present, though it may follow in due course. But in the meantime the municipalization of the liquor traffic is being much discussed. A sub-committee of the Glasgow Town Council had the subject under consideration not long ago, and recommended that body to seek Parliamentary powers to apply for certificates for such districts of the city as they might think expedient, the profits to be devoted to public purposes other than the relief of the local rates; but the proposal was rejected on the ground that "liquor was an unclean thing." Nelson (Lancashire) has also decided against the idea; but the Devonport Town Council have resolved to apply for all the licenses which may be thought necessary in new districts within the borough, while several corporations are retaining public houses which have come into their possession in the carrying out of improvement schemes, and are, in some instances, conducting them through their own manager. From liquor to home for inebriates will be regarded by teetotalers at least as a natural transition; and here we find that various local authorities are prepared to undertake the cure of habitual drunkards, either by setting up homes on their own account or by subsidizing homes set up by other people. Glasgow, for instance, last year bought a mansion in Ayrshire for the treatment of inebriates of both sexes, and the London County Council are spending another £20,000 on the home they have set up at Horley, Surrey.

The municipalization of hospitals finds many strong advocates; and the fact may be recalled that a House of Lords Committee, which had the subject of hospitals under consideration from 1892 to 1894, said in their report: "The committee cannot shut their eyes to the possibility that the time may come when it will be necessary for hospitals to have recourse either to Government aid or municipal subvention." Formerly, it was assumed that whereas local authorities were empowered to build fever and smallpox hospitals, they could not build or subscribe to general hospitals, and that to this end it was necessary to resort to private bill legislation. In 1893 Blackburn obtained by this means power to erect or enlarge any hospital, infirmary or dispensary in the district. The Bury Urban District Council proposed to obtain similar authority; but it was advised by the local Government Board that, in the opinion of that body, a local authority already had power both to provide and maintain a hospital out of the rates, and the Urban District Council thereupon resolved to contribute £400 a year towards an existing accident hospital in the district, pending the construction of a town hospital. It seems therefore that the municipalization of hospitals would be quite a lawful procedure; and not long ago a proposal was brought before the Bradford Town Council, though it was not carried, that the corporation should take over all four of the hospitals in that town, and be responsible for their future maintenance.

But although the majority of municipalities are disposed to leave general hospitals to be supported by private charity as long as possible, a number of them have proposed to erect sanatoria for consumptives, and Sheffield has decided on so doing. The Worcester and West Riding County Councils have taken steps in the same direction, while at Edinburgh the medical officer of the city has suggested the establishment of a retreat for the reception of consumptive patients beyond the hope of recovery. The Halifax corporation have tried the experiment of providing a convalescent home for scarlet fever patients.

At Middlesbough the sanitary committee proposed that the town council should obtain a dozen spittoons and place them in suitable places in the town, but the sugges-

tion was not adopted. In another instance a sanitary committee recommended that tubes of serum should be prepared, at the cost of the rates, for cases of diphtheria and puerperal fever, and eventually for all other diseases, and given to those of the local residents who wished for them, the average cost of such tubes being 3s. 6d.

As for the last stage of all in life's journey the municipalization of cemeteries is a well recognized cry. The Hull Corporation set the example in January, 1901, of opening a municipal crematorium, at a cost of £3,122, the total number of cremations during the year being 17. They have recently spent a further sum of £450 on an ornamental rockery, near the crematorium, affording space for 1,000 urns, and it is said that "in the opinion of several members of the parks and burials committee this addition to the crematorium grounds will do something to popularize cremation in the city." In other words people who did not want to be cremated before are expected to approve when they know that their urn will rest on a nice piece of municipal rockery. Liverpool, Glasgow, Cambridge, Exeter, Sheffield, Walsall and other municipalities have obtained power to establish crematoria of their own; but under a bill introduced by Lord Monkswell in the session 1901 burial authorities can now levy rates for the purpose of crematoria without having to go to Parliament for private bills.

With regard to local markets it is, of course, quite in accordance with the traditions of our social history that such markets should be under the control of the local authority, and some towns there are that receive a very good income from this source. The ratepayers of Manchester benefit from their market to the extent of £15,000 a year, and those of Liverpool about £14,000 a year, Belfast makes over £5,000 a year, Blackburn over £4,000, Preston nearly £4,000, Norwich £3,000, and many other boroughs smaller sums. All this is perfectly legitimate, but municipal markets are now leading to the erection of municipal slaughter houses, and these are being succeeded by municipal cold stores and municipal ice manufactories. At Bradford two syndicates had opened cold stores and an ice breaking plant and were being extensively patronized by retail butchers. Their premises, however, were some distance away from the local markets, and the authorities resolved to have cold stores of their own on land adjacent to St. James' market. Opposition was raised on the ground of undue competition with private trading, but it was argued in reply that there was room for both private and municipal trading and the corporation scheme was carried out at a cost (including an extension of the market) of £23,000. Large amounts have been spent on similar projects in Manchester, Liverpool, Birmingham, Leeds and elsewhere. The Wolverhampton corporation have obtained power not only to sell ice to market people, but to dispose of the "surplus" of their stock to the general body of traders in the town. Thus, if they want to supply ice to everyone in the borough who desires it, the corporation need only see that the "surplus" is large enough to meet all demands. Cardiff has a municipal fish market, and claims that it has reduced the price of fish by 33 per cent. The Torquay Corporation breeds rabbits on a large tract of land where water is collected for the municipal water works and the money realized by the sale of them on the markets goes towards "reducing the rates." The venture has answered so well that the corporation has gone in for sheep farming in addition. At Tunbridge Wells the corporation grows hops on one of their sewage farms, and claim to get a better return from them than the private growers do. The Liverpool corporation cultivate beet roots on the Walton sewage farms. At Colchester there are municipal oysters that help to pay the rates. There have been proposals in various quarters that all the municipal bakeries should be bought up by the municipalities and carried on in the name and to the profit of the municipalities. What would happen if the municipal bakers went out on strike because, say, being trade unionists, they refused to bake for "blacklegs," or if the municipal bakeries themselves were conducted on the same general lines as the Works Department of the London County Council, may be left to the imagination.

The Brighton corporation own the local race course, and make from £2,000 to £3,000 a year from it; but the municipal race course at Pontefract adds only £50 to the local exchequer. At Doncaster also the corporation own the race course, and apply the profits to the relief of the rates. Brighton and Southborough, near Tunbridge Wells, have municipal theatres. The one at Southborough was built at a cost of £6,000, of which half was paid by the Urban District Council and half by private contributors. The first year's working result in "relief" being given to the rates to the extent of £200.

West Ham not only manufactures its own paving stones, but sells paving stones to contractors at a profit. Many corporations carry on a good business in the residual products of gas. Manchester does a considerable trade in soap, oil, tallow and mortar, and other marketable commodities which it produces from waste, employing somewhere about 2,000 men in the business. Among ironmongers it is a standing grievance that so many corporations deal in stoves and gas fittings, and at Yeovil, especially, this branch of municipal trading has been developed to such an extent as to arouse much jealousy and hostility on the part of the tradesmen with whom the corporation compete. The supply of electric light fittings and the "wiring" of houses, in addition to the supply of electric light itself, are also being taken up by local authorities. At Warrington and Birmingham the local governing bodies have been trading in illuminating devices. The Birkenhead corporation have sought power which will enable them not only "to prescribe the nature and form of meters for measuring the supply of electricity and other fittings and fixtures," but also to "manufacture, supply, stamp and test the same and to make and enforce by-laws and regulations" which would authorize them to exact penalties from any one interfering with the monopoly they would thus secure. The Sheffield corporation undertake plumbing work as an enterprise incidental to the pumping of water. Both at Southport and at Bradford proposals have been brought before the corporation that municipal tailoring establishments should be set up for the supply of uniforms for the town officials, but in neither place was the project entertained. At Sheffield not long ago a deputation from the tailors' union proposed that the corporation should start a municipal tailoring establishment. They said that one had been organized in Liverpool and was "a great success"; but when asked whether they meant a great success for the ratepayers or for the municipal tailors, they did not answer; and the decision went against them. At West Ham an inquiry has been made whether the free library committee should not do their own bookbinding. It was found, however, that the work could be done more cheaply by sending it out. At Battersea the plans were once approved for a municipal printing office which would have cost £2,440 for building and for type and machinery. In this case the solicitor of the London County Council advised that it would not be legal on the part of that body to sanction a loan for such a purpose. The Battersea Corporation have, however, laid down their own saw mill, where the timber required for building work can be cut as required; the Cardiff Corporation have started a saw mill where the timber they import from Australia can be converted into blocks for wood paving, without the intervention of the middleman; and the cleansing department of the Manchester Corporation is quite independent of outside traders for its supply of wagons, brushes and various other things.

In 1901 the Tunbridge Wells Corporation inaugurated a system of municipal telephones to compete with that of the National Telephone Company's system; and Glasgow has followed the example thus set. The result is that business firms are compelled to subscribe to both services so as to insure their being able to communicate with all their customers, since some may be on one system and not on the other. Elsewhere the idea of municipal telephones is spreading, without regard to the fact that the whole of the ratepayers of a town are made responsible for an enterprise of which only a very small proportion wish to take advantage.

The Westminster City Council established what was probably a precedent by going into business as seat speculators on the occasion of the coronation which did not come off in June last. With the help of the borough funds they erected stands, the seats of which they offered for sale to the general public, and they spent in advance in decorations the profits they expected to make from the transaction. Here again, while it may be permissible enough for private individuals to run risks like these, there are obvious objections when local authorities who are merely trustees of the public funds embark on such an essentially speculative enterprise. The action of the Westminster Council is the more open to criticism because certain private speculators who put up stands on their own account in the Westminster district, complained strongly that, owing to the very severe conditions imposed on them by the Council, the cost of construction became so great that it was almost hopeless for them to think of making any profit on their ventures.

In some districts in the north of England proposals have been brought forward that municipalities should buy up the coal mines—though how they would raise the enormous sum necessary to attain that object, and whether or not municipalities employing "direct labor in the coal mines would be able to work them better than the companies do, and have less friction with the miners, are matters on which some degree of doubt may well be entertained. The gas committees in some provincial towns have been supplying particular friends with municipal coal at (presumably) municipal rates and there have been complaints, not only from the local coal merchants who think their business should not be trenched on, but in the case of Yeovil, at least, from the general public as well on the ground that, if the facilities for obtaining coal are to be enjoyed at all, at municipal prices, they should be shared all around. Municipal insurance schemes are finding favor in various directions, municipal banking has many advocates, and the question of municipalities making provision for allotments, and as to their power of obtaining patent rights has also been raised, as well as the concession to local authorities of the power of taking over the management of existing canals, and to subscribe to the expense of the formation or promotion of public canal trusts.

That local municipalities should aspire to promote the higher interests of the people by providing free libraries, schools of art, museums and technical education is generally recognized as both lawful and laudable, though some of them who already have so many irons in the fire do not relish the idea of taking charge of the further item of elementary education as well. The Lancashire County Council made a grant for the teaching of Chinese, on account of Lancashire's close connection with the east. At Bolton municipal classes have been opened to promote the higher education of policemen, with the result that the Watch Committee have been able to report that "the magistrates had noted an improvement in the manner of the officers while giving evidence." Nottingham enjoys the unique position among English municipalities of managing a university college. It also seeks to improve the knowledge of the people with regard to bird life, the town having a municipal aviary in which both nests and their builders are shown to view, while attached to each section are colored pictures of the birds, together with a brief description in large type of their haunts and modes of life. The London County Council aims at promoting a love of flowers by a free distribution of superfluous plants at the end of each summer season ; and Glasgow, Liverpool and Leicester go still farther by providing window boxes filled with flowering plants for cottages in the poor and crowded districts. In the case of Leicester each box represents the value of about 5s.

Then there is the question how far a local authority should go in the way of providing recreation or amusements for the people. Parks and open spaces are, of course, especially desirable from the point of view of public health ; and no reasonable person would be likely to object to expenditure on this account, though the socialists on the

Manchester City Council have wanted that body to become land speculators by adopting the principle that when the city buys land for the park, open space, or other public purpose, it should also buy the surrounding land, and thus get the increased value that its action brings about. Following on their provision of public parks, various corporations have sought from time to time for authority to supply apparatus and games, with power to charge for the use thereof; and some to have not only provided space for cricket, football, and lawn tennis for the young and active, but have also laid down bowling greens in order to furnish healthy exercise for the middle-aged. On the north side of London a number of local authorities clubbed together with certain other bodies and private donors to buy up Alexandra palace and park to devote them to the enjoyment of the public. They were to be self-supporting, but the public have shown less appreciation of the "boom" than had been anticipated, and for eight months ended December 31, 1901, the place was run at a loss of £2,000. It must be confessed, too, that why farmers living at the extreme end of the county of Middlesex, or railway companies passing through the county without deriving the slightest benefit from palace and park, should be taxed in order to supply residents in the north of London with means of recreation for which they seem to care so little is not quite clear.

The setting up of state or municipal theatres is advocated in some quarters in the interest of dramatic art rather in those of mere pleasure-seekers; but a certain candidate for municipal honors at Bradford, who thought that the local authorities should take over practically everything—milk, coal, medical charities, the drink traffic and so on, even suggested that they should not only have a municipal orchestra and theatre, where none but the best plays should be produced, but also a municipal music hall, where they could take their wives and daughters for a couple of hours' innocent fun. "This," remarked the gentleman in question who was speaking at the Bradford Liberal Club, "may be looked on as nonsense (whereat his audience laughed, and said 'hear, hear'), but what I want to point out and drive home is that there is no finality to municipal enterprize. We cannot limit our horizon." And, in fact, there are a good many advocates of municipal enterprize who are saying the same thing and acting as though they believed it. The municipal music hall is still something left for the future. But in the meantime the provision of free municipal music is widely accepted in the provision of bands. The idea, too, is evidently spreading, for at the beginning of the present session no fewer than ten local authorities sought (among other things) Parliamentary power to set up bands at the general cost of the local ratepayers; and the Halifax Corporation have promoted a bill in which they ask for permission to levy a half-penny rate towards the cost of organ recitals and other musical performances. Then, inasmuch as municipalities provide outdoor amusements in the summer, it is urged in some quarters that they should also go a step further and provide indoor amusements in the winter. Two metropolitan boroughs, West Ham and Battersea, have done so at the cost of the rates; and the Leeds Corporation resolved last June on giving a series of free municipal concerts in the Victoria Hall during the coming winter. When the matter was decided on it was stated that "the scheme would not require rate aid at present"; but there is every possibility that it will require rate aid if persevered in, and some of the promoters seem to regard it as quite a right and proper thing that the rates should be made use of for that purpose.

Corporations whose inhabitants depend for their prosperity in attracting visitors resort to various expedients to further that end. In Blackwell a considerable sum is expended every year in advertising the charms of that popular resort; and the local authorities do all they can to provide entertainment for trippers and visitors, even organizing municipal festivals and contributing £25 a year to a local football club,on the ground that it is one of the attractions of the place. At Brighton the corporation have taken over the Aquarium, at a cost of £30,000, and they have run it at a loss to the ratepayers

of "anything up to £50 a week," so that when the question came before the council last March as to what should be done with the building one member suggested that it should be either sold or let. Harrogate provides her visitors with municipal fireworks, the theory being that they will put the visitors in such good spirits that their "cure" will be promoted thereby, and the reputation of the place as a health resort enhanced. In addition to fireworks, there is to be a kursaal, which will cost the town £40,000: but it is hoped that this sum will in due course be got back from the concert and dancing rooms, the refreshment rooms and billiard rooms, and the other attractions arranged for. Bournemouth proposes to erect a pavilion at the shore end of the pier, the cost not to be over £30,000, exclusive of furnishing. Municipal golf links and cycle tracks have also been established at various seaside resorts; and there have even been advocates of the municipalization of bathing machines.

And all these enterprises or undertakings, in addition to the more commonplace duties connected with public health, building, regulating streets and so on, are to be carried on at the cost or at least at the risk of the ratepayers by representatives who may have had no experience in any one of them before they were elected, and whose tenure of office is subject to the caprice of the electors, yet who are supposed not only to understand all these things from the moment they are elected, but to be able to conduct them efficiently in whatever leisure time may be left to them from their private business or from their personal concerns, which must naturally claim their first attention.

INCREASE IN LOCAL BURDENS.

[In order that Canadian readers may understand the onerousness of this tax, it is necessary here to point out that in England municipal taxation is levied on the annual value of property, instead of, as in Ontario, on the capital value. Thus in England, if the property has been assessed at its full annual value, a tax of 5 shillings in the pound means a tax which consumes one-quarter of the rent; 6s. 8d. in the pound, one-third of the rent. In Ontario, a tax of two cents on the dollar will frequently absorb a quarter or one-third of the rent, according as the property may be assessed at a high or a low valuation, and according to whether rents are high or low relatively to the assessment. So, when the correspondent say, that the Huddersfield municipal debt is £563 for every £100 of the assessment, it would be about equivalent to saying of an Ontario municipality that its debt amounted to perhaps 25 per cent. of its assessed value—whereas the debt of Toronto, one of the most heavily indebted of our municipalities, is limited by law to 12½ per cent. on the first $100,000,000 of assessment and 8 per cent. beyond that.]

"Times," 28 Aug., 1902. page 5, col. 1.

It is certainly startling to find that whereas between 1874 and 1899 the national debt was reduced by £137,000,000, the municipal debt was increased by £183,000,000, and now stands at the huge total of over £300,000,000. Serious enough as the debt is in itself, it becomes still more serious when we find that in many instances it is out of all proportion to that rateable value which constitutes the chief item in available assets of the community. Taking the case of eight representative towns, Sir Alexander Henderson, M.P., has shown that Huddersfield has borrowed £563 against each £100 of its rateable value; Manchester £543; Bradford £433; Nottingham £390; Birmingham £386; Leeds £367; Sheffield £305, and Liverpool £230; and he has further shown that, while the total increase in the rateable value of the country in the last 25 years has been less than 30 per cent., its local debt has trebled.

The customary reply given to such figures as these is that the municipal debt has been incurred mainly on account of remunerative works or enterprises, which are not only a source of more or less "profit" already, but will lead to the cities or towns concerned finding themselves in a most prosperous condition, when, some decades hence, the loans

have been eventually paid off. An argument of this source hardly gives sufficient consolation to those who find that, whatever the future may bring forth, the rates are steadily advancing all over the country, and in many places are assuming proportions, which, coupled with the increasing imperial demands, traders and private individuals alike find burdensome in the extreme. Between 1869 and 1899 the taxation for purposes of local expenditure in England and Wales rose from £17,000,000 to £38,000,000, and in some places the rates have gone up as much as 6d., 8d., 10d., or even 1s. in the pound since last year.

SOME ELECTRIC LIGHTING FAILURES.

The Times correspondent gives particulars of a number of disastrous experiences with public electric lighting in England:

Times, Sept. 5, p. 9.

Salford had spent £186,766 up to the end of 1901 on its system of municipal lighting, and the loss on working in 1900-01 (without making any allowances for depreciation) was £7,489. Since then a public meeting of the ratepayers, held on February 26, 1902, has passed a resolution expressing the "utmost concern and regret" at "the necessity of closing the Wallness road electrical generating station, thereby causing heavy financial loss to the ratepayers." According to the elective auditor for the borough, the closing of the station means a capital loss of at least £150,000. The gravity of this loss is the more serious—even if it should be not even heavier still—when it is remembered that, though the population of Salford is 218,000, the number of consumers of the municipal electric light in 1900-01 was only 401. Thus a heavy burden falls on the shoulders of the whole of the ratepayers, because of the losses of a speculative undertaking, which, up to the date in question, only 401 among them had cared to patronize. The experiences of Bath are especially instructive. Electric lighting was introduced into that city by a local shoemaker of scientific tastes, and the supply was worked by a private company under a Board of Trade license, granted in 1890. Later on the company sought a provisional order for themselves in 1896, and took over the concern at a valuation. They thus acquired for £24,500, an undertaking on which a capital expenditure of £43,000 had been incurred by the company, who valued their goodwill in capital account at £5,000; showed a profit of £1,500 in their last balance sheet, and had worked their plant for only seven years. Under corporation management the works made a deficit of £125 (exclusive of allowance for depreciation) for the year ending 1898, one of £1,937 in 1899, and one of £1,238 on March 25th, 1901. In the following winter the works, on which £78,000 had been spent by the corporation, sustained a complete breakdown, and the consulting engineer who was called in advised that £70,000 more would have to be laid out to put the works on a thoroughly sound footing. Repenting of their bargain, the corporation resolved to seek for tenders from companies which would relieve them of the business altogether; but they received only two tenders, neither of which was satisfactory, and they decided to continue the business themselves. Here again the heavy losses sustained fall on the whole body of the ratepayers, although out of the entire population of 49,800 persons, the number of the corporation's customers for the electric light was only 330.

Bedford, a town of 35,000 inhabitants, obtained a provisional order for electric lighting in 1890, commenced a supply in 1894, was supplying 591 consumers in 1901 from works involving a capital expenditure of £77,000, and by the end of 1901 showed a deficiency of £3,000 on the working, or, if an allowance of 3 per cent. be made for depreciation, a total deficiency of £12,000. Bristol began to supply electric light when coal was 8s. a ton, and there seemed to be a fair prospect of profit; but coal advanced heavily in price; large additional sums had to be paid out on capital expenditure, and the loss in work-

ing in 1900-01 (without any allowance for depreciation) was £2,500. At Morley, out of a population of 23,000, there were last year only 85 consumers of the municipal electric light, which had cost £24,000 to provide, the loss on the year's working being £2,000; at Redditch, a town of 13,000 inhabitants, 181 consumers were provided last year with municipal electric light, on which there had been a capital expenditure of £16,000, the loss for the year being £931; and at Monmouth, where the capital expenditure had been £9,000, there was a loss of £607 in providing light to 51 consumers out of a population of 5,000. The losses sustained by these smaller towns, which seek to emulate the larger cities in municipal enterprise, are no less significant and no less a burden to the local ratepayers than the loss of £4,517 last year was to Glasgow, or of £2,690 to Edinburgh. All these figures represent loss in working only, without any allowance in depreciation.

That limited liability companies should run such risks would be quite in accordance with the principles of commercial enterprise; and there is the more reason why they should, because there is no doubt that many of these electric lighting concerns would have been a financial success, if they had been in the hands of a well-managed company. As it is, the interests of the ratepayers have suffered by the failure of a speculative enterprise, which, in many instances, at least ought not to have been undertaken at all by public bodies more or less incompetent to manage them, and the interest of the electrical industry have suffered by the severe check given to the proper development of the electric light.

In the matter of electrical energy there is no doubt that countless industries, great or small throughout the country, would be enormously facilitated if electric power could be "laid on" to them in the same way as gas or water. Many a trade or enterprise now handicapped by cost of motive power would receive by this means a greater impetus than it could derive in any other direction; and the results might be the conferring of a substantial boon, not alone on the persons concerned, but on the country at large, and especially so from the point of view of removing industries from urban into suburban districts.

Here, again, the Socialist idea of keeping alike the public services and the means of remunerative employment in the hands of municipalities has prevailed; and while economy has suggested that electric power should be distributed over a wide area from a common centre, the general tendency of local governing bodies has been either jealousy to acquire powers and then not use them, or else to want to set up a separate and distinct plant for each particular district. Elsewhere the enterprise of the private trader has been restrained, because that he has known that as soon as the local authority heard of his plans they would probably start a scheme of their own, while even if they did not want to do so at once, there could be no certainty as to their future policy.

What private enterprise can do in the way of supplying electricity in bulk, when it has a fair chance, may be illustrated by the scheme of the South Wales Electric Power Company, the foundation stone of whose generating station at Pontypridd was laid by Sir Frederick Bramwell last May. The area of the company's operations will cover 1,050 square miles, and will comprise the entire county of Glamorgan, and the whole of the county of Monmouth, west of the Usk, exclusive only of a few places where provincial orders are in force. Within this area lie the most important colliery, shipping, and manufacturing districts of South Wales. Operating eventually from eight generating stations, the company ought to be able to supply the wants of the area in question far more efficiently and much more economically than if each authority of the area in question organized its own independent supply of electric power on the ordinary lines of "municipal enterprise."

RISKS OF MUNICIPAL SOCIALISM.

In the same article the correspondent gives instances of some notable losses which have fallen on municipalities through machinery becoming obsolete, etc.:

Times, Sept. 5, p. 9.

The whole question of municipalities and urban or rural traffic is still further complicated by the uncertainties of the situation. Mr. Porter tells how the New York Metropolitan Railway scrapheaped a whole cable plant worth over a million sterling because it stood in the way of electrical progress. A private company might well do this; but it is doubtful whether a municipal corporation would feel at liberty to act when they were dealing with the ratepayers' money, or should, indeed, run the risk of having to choose between such a costly procedure or continuing to use plant that was no longer up-to-date. The tramways in operation to-day may find dangerous rivals in motor cars, even if they are not entirely superseded by them, especially in suburban districts. Sir Alexander Binnie, late engineer to the London County Council, has pointed very clearly to the possibility of the motor-cars becoming a "formidable" rival to the tram-car; and, in his opinion, "there is no doubt that there are persons backed by money and well acquainted with the circumstances of the case, from Cabinet Ministers downwards, who believe that motor-cars of some kind or other will prove the cheapest mode of conveying our dense population into the suburban districts." In that case it would remain to be seen what attitude would be adopted towards this formidable rival by municipalities which have expended great sums on acquiring the monopoly of electric tramways. That an ordinary commercial company should be superseded in such circumstances by improved inventions or newer and cheaper developments would be regarded as merely one of the ordinary risks of business life; but the matter assumes a very different aspect when the traders concerned are dealing, not with their own money, but with that of the general body of the ratepayers. Already, in fact, in many places, steam superseded horse traction on tramways only to be in turn superseded by electricity, and earlier in the present year the announcement was made that "by a resolution of the Leeds Tramway Commission 24 steam engines, which were once in use on the Leeds steam tramways, and for which the committee had no further use, were to be offered for sale at £40 a piece." Now the question arises whether, by the time the municipalities have all got their electric systems in working order, the time will not have arrived for supplanting them to a considerable extent at least by motor-cars running without rails, going where they please, travelling at a more rapid speed, and able to run round the other vehicles, which now so frequently block the way of the tram-cars. With motor-omnibusses in the place of tram-cars the roads would be less frequently "up" the unsightly overhead wires would be unnecessary, and the clanging of the tramway bell or the blowing of the driver's whistle would be heard less frequently. Even if the motor-omnibusses should not supplant electric tramways, there is always the possibility of some improved system of surface contact, such as that now being tried at Wolverhampton, will at least render obsolete the hideous trolley system.

THE QUESTION OF EFFICIENCY OF MANAGEMENT.

The correspondent discusses at great length the influence which the management of so many intricate affairs is having on the personnel of English councilmen. The following are extracts from his article

Times, Sept. 8, 1902.

No one can deny the assumption that if a municipality, or other local body, is to carry on commercial enterprises it should represent in its members a degree of intelligence and ability, which would enable them to compare not unfavorably with the managing directors of those public companies which municipal socialism is desirous of supplanting, or alternately with the owners of large industrial concerns still in private hands. . . . . .

Theoretically the very fact that a certain majority of the electors in his ward have recorded their votes for him endows him at once with the qualifications requisite with the management of a gas works, of a tramway, of an electric power station, of a telephone system. In ordinary business life, if he applied to be placed in charge of any one of these things, the first question put would be, "What are your qualifications?" And one can imagine what would happen if he had to confess that he had had no previous training in the particular business at all, or that his only qualification for helping to take charge of a gas works was that he once had something to do with the working of a tramway. Yet the town councillor in a municipality of the advanced type is supposed to be capable of joining in the supreme control of quite a number of great commercial undertakings, in not one of which, perhaps, as a private individual, would he have any chance of being employed in even a subordinate capacity. . . . . .

With each particular expansion of municipal enterprise the number of contracts given out becomes larger; and there is a growing disposition to keep them, as far as possible to the districts concerned. Already there has been trouble in about thirty different towns, especially in the North of England, because individual members of a council have—in many cases quite unwittingly—been interested in contracts given out by local authority. In some instances there may have been genuine "scandals," but the business ramifications of an "enterprising" corporation of the advanced type are so numerous and so varied that difficulties in regard to councillors and contracts may easily arise. It would seem that the only safe rule for a business man to follow—and especially for one who does not wish to see his own business suffer—is to have nothing to do with the actual work of local administration at all. . . . . .

For the various reasons here mentioned there is likely to be a diminution rather than an increase in the capacity of local elective bodies for dealing with municipal enterprises of the speculative class, and this, too, notwithstanding the fact that the whole question of whether those enterprises are to be a relief to the rates or a burden on them must often depend on the question of efficient management. . . . . .

THE ELEMENT OF DETERIORATION.

Further, the very fact that the administration of the new municipalism involves the giving out of such important contracts, then employment of so much labor and the expansion on such a practical scale of the foundational principles of a thorough-going Socialism, tends to encourage the entrance into municipal government of men who have axes to grind, who see advantages for their own class in direct employment, who want to promote the expansion of the Socialist idea by still further exploiting the municipality. So the falling off in the one direction is accompanied by the introduction of undesirable elements in the other. . . . . .

THE GROWTH OF MUNICIPAL BUREAUCRACY.

The combined effect of the adventure of local governing bodies into so many kinds of municipal enterprise, of the great increase of the duties and responsibilities devolving on the better type of local representatives, and the admission to those bodies of so many individuals not qualified to control the various forms of trading undertaken, is to throw the real duties of local government more and more upon the permanent officials, and to create a municipal bureaucracy, the advent of which is alone enough to provoke some degree of uneasiness. In many instances the Chairmen of committees will count more or less as experts, and in their hands and in those of the permanent officials of the other members are generally content to leave things, provided only they can get the credit of attending committee meetings by putting their names in the attendance book. Perfunctory attendance at committee is indeed the one refuge of the overburdened representa-

tive, who finds either that "one small head" is unable to carry all that a town or county councillor now is supposed to know, or that life is too short or his own stock of energy too small to allow of his doing much more at committee meetings than just putting in an appearance and saving his reputation with the electors. The chairman of committees may be experts, but it is possible they may not be re-elected and their successors will have to start afresh, learning all they can from the permanent officials. With each new enterprise afresh, learning all they can from the permanent officials. With each new enterprise undertaken or each fresh development brought about more of these officials must be appointed or increased authority given to those in office until their number and their power assume proportions never contemplated under any previous system of British local Government.

Thus as an outcome of an increase in the number and magnitude of municipal undertakings and a decrease in the efficiency of the elected representatives, we get a bureaucracy, which is steadily growing in magnitude and in power of control over the general administration of local affairs, and stands to gain more or less in credit or in coin from almost every fresh effort that is made in the way of municipal expansion, whatever may be the degree of interference with the private traders and the national industries.

MUNICIPALITIES AS DIRECT EMPLOYERS OF LABOR.

The Times correspondent's article of Sept. 10, 1902, is given up to a discussion of the effect of having the municipal corporations as large and direct employers of labor. The experience of the London County Council Works Department is cited. In 1892 that body passed a resolution:

"That all contractors be compelled to sign a declaration that they pay the trade union rates of wages, and observe the hours of labor and conditions recognized by the trade union in the place or places where the contract is executed."

The correspondent says that resolution has worked very injuriously by limiting the freedom of contractors, leading to increased cost of government. So injuriously did it work that after six months' experience with it it was resolved to dispense with contractors altogether, and have the Municipal Committee and staff directly control the work. The Works Department was thereupon instituted, and the correspondent goes on to say:—

Times, Sept. 10, 1902, p. 4.

Thus there began a new chapter in London government, which has been prolific in scandals, disclosures and losses. Even before there had been time for the new department to be properly organized important works were taken up under the superintendence, in their leisure moments, of members of a committee, who were mostly amateurs; and such was the condition of affairs brought about by April, 1895, the manager of a department in a report accounting for an adverse balance of about £2,700, declared:

If the system had been specially designed to make the work carried out by us cost as much as possible, nothing better could have been invented calculated to bring about that result. A large portion of the excess is due no doubt to the fact that for some time after the Works Department was established, there was a tendency on the part of skilled workmen in our employ not to do the same amount of work for the council as they would be expected to do for a contractor, and it was only after repeated dismissals that this idea was shaken. This tendency to give a minimum amount for a maximum amount of pay has, however, been confined principally to the skilled workmen. With the unskilled labor there is, generally speaking, no cause for complaint.

In connection with this matter I am afraid the visits of individual members of the council to our works, who enter into conversation with the men employed there, is apt to be misconstrued, some of the men store up their grievances, real and fancied, until councillors go on to the works, when they are related, and often, I am afraid, in a most ex-

aggerated form. Several of the foreman have complained to me of the bad effect this has had on the men, and have stated that their authority over them is very much diminished. . . . . .

The final outcome of the operations of the Works Department has been that from the time of its inception, in 1893, to February, 1902, the works carried out had cost nearly £79,000 above the final estimates. . . . . .

MUNICIPAL EMPLOYEES AND THEIR VOTES.

The cost of public work when carried out by direct labor is undoubtedly a matter of serious concern, but there are other things besides. Notably, there is the fact that already municipal employees form so numerous a body that they are establishing trade unions of their own in many different parts of the country, and already they have discovered the use to which they can put their votes as a means of exploiting local government as a means to their individual advantage. As an illustration of this fact there may be cited the case of the Municipal Employees' Association, which has its headquarters at Canning Town, in the east of London, and claims to represent 30 branches of a membership of over 2,000. This association is officially stated to have been formed "to promote and protect the interests of municipal employees." Among the special objects set out under the heading, "What We Want," are the following :—"(1) Thirty shillings per week to be the lowest wage at which any male adult should be employed in London, and 28 shillings per week in large provincial towns. (2) No outdoor or manual work more than 48 hours per week. (3) Uniform wages and hours of duty for all the grades of employees in all districts." Thus there is to be not only a minimum wage and a 48-hour week, but all the employees in the same grades are to have precisely the same rates of pay, irrespective of any difference in efficiency, the good worker having no more than the inferior one and no incentive whatever to rise above the level of the most incompetent. All this is bad enough from an industrial standpoint, but still more significant is the following paragraph (among others) given under the heading, "How We Do It" :—

"By questions to candidates at municipal elections. Those candidates who do not pledge themselves definitely to the above we do not vote for." The circular in which all this is set forth further states :—"There are about 30,000 municipal employees in and around London. What an army !" One can easily imagine that if the whole of this "army" were to act on the lines here laid own, and if the direct employment of labor by local authorities, not only in London, but throughout the country, underwent still further development, the municipal employees, exercising their own voting powers and influencing the votes of others, who hoped to join their ranks, or benefit by their conditions, might control the situation or at least entirely change the relationship that has hitherto existed in local administration between representatives and represented. Already it has happened at Derby that the corporation employees on one occasion issued an "appeal to the electors in support of a particular candidate at a municipal election.

The only way of effectually checking the various evils thus foreshadowed would be to deprive corporation servants of their right to vote at municipal elections, so long as they remain in municipal employment ; and this idea is gaining support in various directions. Thus Mr. E. O. Smith, the town clerk of Birmingham, has said on the subject :—

"I do think it is a danger, but I think it is a danger that must be faced. We have not yet up to the present time experienced any disadvantage in having a large number of corporate workmen, who are also municipal voters. Speaking purely, my own personal opinion, I should like to see all corporate employees disfranchised. I have yet to learn however, that any unfair pressure is put upon the corporation by their workmen."

Then Sir Thomas Hughes, who has had a prolonged experience of municipal affairs at Liverpool, has expressed his opinion: that there is no very great hardship in a

man's "ceasing to have a voice in the choice of his master" on becoming a corporation employee, and Alderman Southern, of Manchester, has said :—

"There seems a disposition more and more for municipal employees to coalesce, and, although there may not be an absolute abuse in that direction to-day, yet there is, I think, a little cause for anxiety if these employees should band themselves together and vote for a candidate without regard to his fitness or to any other question, but whether he will vote for an increase of their wages or whether he will not. If that came about it would be a very awkward thing, and it might lead to disfranchisement for municipal purposes for those who would otherwise elect their own masters."

SOCIALIST REGIME AT WEST HAM.

West Ham is one of the metropolitan suburban municipalities. It is a workingman's district. It has grown in 50 years from practically nothing to a population of over 275,000, the growth being due to the setting up of many industrial concerns. The borough includes a large dock population, locomotive and carriage works, shipbuilding firms, sugar refineries, rubber, chemical, soap and other industries. Of the 45,000 assessments, 35,000 relate to small houses of the annual value of £20 and under. The character of the borough may be gathered from these few facts, and it is necessary to bear them in mind when reading the remarks of the Times' correspondent upon them. He says that the place has fallen into the hands of avowed Socialists, who entered upon their campaign avowing themselves as such, and that their plan of campaign was to induce the general body of workingmen to join the Socialist party and capture the Town Council. This double purpose they thought to achieve by creating as many openings as possible in the way of municipal employment. In 1892 they had secured considerable influence in the council and by 1898 achieved a working majority in it, and then, he says, began "a system of jobbery, which is probably without example in the whole history of English municipal life." He goes on :—

Times, 16th Sept., 1902, page 12.

There were positions of honor on the Town Council—those namely of Alderman and Chairmen of committees—and there were also two positions of emolument outside the council—those of representatives of the borough on the Thames Conservancy Board and on the Lee Conservancy Board—to which the majority on the council had the right to elect. But the successful Socialists were much too shrewd to take over these positions for themselves individually. They were quite content with the organizing secretaryships of some trade union or Socialist society, to which their appointment on the Town Council generally lead. What they now wanted was to secure as large a majority on the council as possible ; and to do this they proceeded to offer the posts of honor as bribes to certain "waverers" in the council as an inducement to them to leave the "old gang," as it was called, and go over to them. They would not re-elect any of the "old" Aldermen, whose valuable experience in local affairs was thus lost to the council ; and to those of the Aldermanic chairs, which were not filled up by the waverers, they appointed the Socialist representatives of wards where the party was certain of success in the fresh elections. Among the individuals thus raised to the position of Aldermen in a borough of 275,000 inhabitants was a baker's carman, who had been elected to the council two years previously ; there was a theatrical manager over 60 years of age, who had been on the council only one or two years, and took interest in nothing but his own aspirations to get a liquor license for his theatre, and there was another person, who had had no previous experience of municipal work. Among the general body of Socialists on the council were two bricklayers' laborers and various trade union leaders or paid agitators.

GOVERNMENT BY CLIQUE.

To make certain of keeping the majority thus got together, and more especially to prevent their new supporters from leaving them, owing to any compunctions of conscience, the Socialist leaders persuaded all the members on their side to sign an agreement pledging themselves that for the next three years they would vote in the council strictly in accordance with the decision to be arrived at by the majority of those attending a private meeting of the Socialist party, to be held the evening before the day when the council would meet. To make this promise the more binding each member of the party was required to write out and sign his own resignation as a member of the council, the understanding being that this document would be kept and presented to the Town Council if the member should at any time fail to carry out the agreement.

The effect of all this was that, so long as the agreement was adhered to any one knew that any motion brought forward on the Socialist or Labor side would be carried in council, whatever arguments might be adduced against it, and every one knew also exactly how the voting would go. Thus the government of West Ham was reduced to the government by clique. The fate of any question to be brought before the Town Council would be decided by the majority at the private meeting, those of the Socialist majority who did not attend getting their "instructions" at the council meeting next day as to how they were to vote. In one instance, it is said, that the secret conference was attended by seven of the Socialists, four of whom were in favor of an expensive paving scheme, substituting wood for granite on the main road through Stratford, while three were against the wood, on the ground that it was quite unsuited for the heavy traffic of the district. Under the agreement the entire Socialist party was bound by this majority of one. Another time a member of the party carried a motion at a private meeting, and then, having another engagement, went away. He had no sooner left than the others reversed their previous decision and at the council meeting the next day the individual in question got his "instructions" to vote just the opposite to what had been laid down by his own motion. Still another member of the council, a small tradesman, who had been made Alderman by the Socialists, once thought he would show his independence by voting as he thought fit. A day or two later there were pickets in front of his shop advising people not to deal with him, and the Alderman thought it prudent to agree with the views of his party.

DIRECT EMPLOYMENT.

One of the first uses made by the Socialist party of the majority they had thus secured was to re-establish the Works Department. That this department had previously involved a loss of £50,000 was nothing to them, compared with the fact that it would enable them to give employment to so many of their friends outside, and thus indirectly improve the prospects of the Socialist party. One of their most noted adherents repeatedly declared in the council chamber, "I don't care for the rates or the ratepayers. All I care for are the men who sent me here." And in order that the men to be taken on in the resuscitated Works Department should have a good job to start with, it was decided to entrust to them the building of a large infectious diseases hospital, estimated to cost £100,000.

The department had not then been formed, and there was consequently no plant ready, while for any beginners to commence at all with £100,000 job was almost an unprecedented thing; but these were matters of detail. After a delay of some months in organizing the department, the work was started, and the hospital built, the actual cost being £6,000 above the estimate.

Having started the Works Department afresh, the Socialist majority next gave to all the corporation employees, builders, stablemen, dustmen, and scavengers included, an

eight-hour day, and higher wages in addition. In the case of the men engaged with the steam roller the eight-hour day meant that, deducting the time required for getting up steam and for going to and returning from the place where the roller was required, and allowing also for the dinner hour, the borough got about five hours a day actual service from a costly machine. In the stable department the men found that, with their shorter hours, they could make say, only two journeys instead of three, or must take only half a load instead of a full one, so as to get over the ground sooner and be sure to finish off work at the end of their eight hours. When uncertain whether a journey could be done within the allotted time, they gave themselves the benefit of the doubt, and did not make it. So, in order to get through the work of the department, ordinary contractors had to be called in to assist. Their charge for horse, cart and man per day averaged 9s. 6d. to 10s. 6d., whereas the expenses of the stabling department worked out at 11s. 1½d. per day. Altogether the stabling department was run at a loss to the borough of £8,000 a year, equal to a rate of 2d. on the £. In regard to wages, what the Socialists aimed at was to fix a minimum of 30s. a week for all corporation employees, and in the municipal contest of 1899 their favorite election cry was, "Vote for me and I will vote for an eight-hour day and 30s. a week." They did not get as high as this for all employees, but what they did was to pay the laborers, not merely the trade union rate of wages, but 20 per cent. over that rate. They even proposed to pay 37s. 6d. to the men employed as stokers in the public baths, but they abandoned the idea when protests were raised that men doing similar work in factories in the borough were getting only 25s. a week. Altogether the combined effect of reduced hours and increased pay was to send up the cost of corporation work by about £12,000 a year, as compared with what it would have cost if done by contractors.

Then the Socialist majority went in for housing schemes. Private enterprise was adding to the available accommodation at the rate of 900 houses per annum, but the Socialists thought they must have municipal dwellings as well. They accordingly instructed the Works Department to put up a row in Bethell avenue, and they even had these dwellings supplied with electric light from the municipal electric lighting station, providing each tenement with five 8-candle power lights for sixpence a week! The actual cost to the borough would work out at a shilling a week at least. It was the corporation employees themselves who mostly rented the dwellings, where luxuries were thus supplied at less than cost price, and those employees, indeed, representing alike the friends and the electoral supporters of the Socialist party, soon became their pampered favorites. The more money they got the less work they did. As a case in point, there was a band stand constructed by "direct labor" on Wanstead Flats—a structure which, in the opinion of an expert, might have been put up by a private builder for £200. The first estimate for the stand in question was £190, the second was £250, and the actual cost was £471 10s. 1d. In the construction of the stand the material cost £166, and the labor £239. In the painting the cost of the materials was £2 19s. 6d., and that of the laying them on was £22 18s., items for cartage and plant and depot charges raising the total to the sum stated. In giving an account of the way in which the work was done a member of the council said :—

It was an eyesore to him to go to the flats and see the organized laziness going on; in fact, he could scarcely sleep for it. One could not resist the feeling that the men objected on principle to doing work between meal times.

If one of the corporation employees was discharged for drunkenness or neglect of duty he had only to speak to the Socialist member and the matter would be brought, not before the committee, but before the full council, and there discussed at wearisome length, with the result, as a rule, that the man was reinstated and the manager or foreman rebuked. As for trade union "leanings," not only were trade union rates and con-

ditions always granted or enforced, but an Alderman has been known to stop the men on corporation work and ask to see their union tickets; some non-unionists who had obtained employment on the corporation dwellings in Bethell avenue were discharged at the bidding of the unionists, who threatened to strike if the others were not got rid of; and a most capable civil engineer, who had done 30 years' service, was dismissed because he was not in sympathy with the Socialists, and had refused—unless the Town Council gave definite orders by means of a resolution to that effect—to employ only trade union labor. Then, too, when the anti-Socialist party in the council introduced a pension scheme, to which the corporation employees were to contribute, it was rejected by the majority in favor of one which gave the employees a pension without requiring to contribute anything at all. In one instance at least a sanitary inspector was granted what was practically a pension of £1 a week (on his breaking down in health), though he had been in the service of the corporation only nine years.

SOCIALIST COUNCILLORS AND SCAVENGER SUPPORTERS.

As many readily supposed it was not long before most of the corporation employes had developed strong prejudices in favor of Socialism. And they were not backward, either, in testifying their gratitude towards those to whom they were indebted for the comfortable posts they occupied. This gratitude was shown by the scavengers, the dustmen and the stablemen crowding the strangers' gallery of the council chamber whenever council meetings were held, and there by their presence—and often by their voice as well—supporting their favorite members. At one time the council met at three in the afternoon, and the business was got through with tolerable promptness and dispatch. When labor began to be represented the council arranged to meet at five. When Socialists got into power the meetings were fixed for six; and from that time the agenda was rarely got through in a sitting, although the proceedings might last till a late hour at night. Thanks to the concession of the eight-hour day, the corporation employees leaving off work at four in the afternoon or soon after, were able to occupy all the seats in the strangers' gallery of the council chamber long before any of the other workmen could come upon the scene. There were even suggestions of an understanding between them and the Socialist members that they should do so; but in any case, it was to this audience that the said members mostly addressed their speeches, and it was no unusual thing for the "strangers" to cheer or otherwise encourage the speakers they agreed with, and to hiss—and even to curse and swear—at those of whose utterances they disapproved. On one occasion when 100 strangers were crowded into a space which will seat only about 60, the Mayor ordered that no more should be admitted. A certain Socialist councillor demanded that the others who wanted to come in should be allowed to stand in the gangways behind the chairs of the members of the council. The Mayor refused and ordered that the doors should be locked. The councillor thereupon went into the street, got a crowbar, burst open the door and admitted his friends, who speedily swarmed into the council chamber. The councillor was afterwards prosecuted for causing wilful damage and was fined £4.

Under the Socialists' regime the deliberations of the council assumed a character well suited to the calling and to the personal interests of the scavengers and stablemen who formed the group of spectators. The proceedings were often of the most tumultuous character; but even when they were not noisy, a small matter, a detail affecting the corporation employees, such as the dismissal of a particular individual, a rise of half a crown a week in a man's wages, or the giving of a pension, would be discussed hour after hour, or at meeting after meeting, while questions involving a great outlay would attract scarcely any attention at all. There was, for instance, the famous example of the proposed public baths in the Romford road. As passed by the council the plans

were to involve an expenditure of £25,500, including some shops, to which, however, the local Government Board objected; but later on it was found that, without further debating the matter, the council had sanctioned an outlay of £60,000 on the baths in question without any shops. Not a single member of the Baths Committee had known of the increase, and the only conclusion to be formed was that it had been voted at the end of some disorderly meeting when everybody was too tired or too excited to take notice of what was being done. When the discovery was made as to the voting of the £60,000 the whole scheme was deferred, but the vote was characteristic of the recklessness of the Socialist majority in regard to the spending of the public money. One active member, when taking part in a discussion as to how the very large sums were to be raised for carrying out the costly schemes decided on, at a time when money was at its dearest, declared, "As for me, I would advocate that we go on with our schemes whatever the money cost." Another, whose attention was called to the fact that during the course of one of the usual turbulent scenes the council had passed a vote involving the expenditure of £90,000, answered, "We don't care if it was 90 millions."

The Socialists, too, were as remorseless in their treatment of persons as they were in their treatment of finance. One member of the council was known to be a very earnest Christian, who devoted much time to evangelistic work, and another was a Quaker. Whenever either of them spoke in the council the Socialists, amongst whom there was a pronounced tone of atheism, would give utterance to derisive cries of "Amen," and make various profane interruptions, scoffing at religion. When Mr. Gladstone died, and it was proposed in the council chamber to send a note of condolence to the family, the Socialists absented themselves. They had less decency on the occasion of the death of Queen Victoria, for when a vote of sympathy with the royal family was proposed, one of the party openly declared that Her Majesty was "a bally old woman," that she and the other members of the royal family were "paupers," and that the Socialists were not going to support the vote. Happily the waverers they had captured still retained a sufficient degree of respect for the institutions of the country to vote for the motion, which was accordingly carried.

THE BEGINNING OF THE END.

There were other things as well which tended to bring discredit on the Socialists, and especially an incident connected with the free libraries. One of the most rabid proposed that the Freethinker should lie on the tables of the free libraries among the other journals, and the resolution was carried. The long-suffering ratepayers had borne the extravagant expenditure with tolerable patience, but this direct attack on religion—for as such it was regarded—was resented. Church people, Dissenters and Roman Catholics were up in arms at once, and a deputation waited upon the council to protest against the resolution. Included in the deputation was a Roman Catholic priest, who made a powerful speech. Included in the Socialist majority were two Roman Catholics, on whom that speech seemed to have a strong effect, for they left their party, the paper was withdrawn from the libraries and the downfall of the Socialist regime set in. Once more the public conscience was shocked when, in the elections of November, 1900, a handbill was circulated by an ardent supporter of one of the retiring Socialist candidates, on which it was said: "If you vote for municipal alliance you vote against God. . . . If Christ were in Plaistow Ward, Christ would vote for Coe." Mr. Cot was not re-elected.

Then there were divisions in the party itself. The fact has been mentioned that when the three years' agreement was signed, to the effect that all would vote in accord-

ance with the decision of the private meeting, each member of the majority also signed his resignation, which was to be handed in should he be disloyal to the agreement. When one of the most noted of the party showed this disloyalty by a vote he gave, his colleagues sent in the resignation he had signed, and with it a guinea for the fine a councillor should pay on account of such resignation. They thought he would respect his own signature and retire, but at the next meeting of the council he ridiculed the whole thing, declaring that he had not sent in the resignation himself, and did not intend to resign. The council upheld him, and the only result of the incident was that the other Socialists lost their guinea. Another member of the majority, who broke away at the end of the year, afterwards declared that he had been "a perfect slave" to them while he was in their ranks.

Meanwhile the effect of municipal extravagance on the local expenditure had been most striking. The average increase of £13,000 the year in pre-Socialist period went up a £30,000 the year when the Socialists were in power, and loans were raised and obligations incurred which might well have made even the most unreflecting burgesses pause. The theory of the Socialist was, of course, that the financial burden would fall on the "capitalists," and that the "people"—for whom, as they said, life was to be made "as endurable and enjoyable as possible"—were to have all the advantages. Local government was to be carried on in a way regardless of expense, and under the compounding system the vast majority of the electors were not to realize that there was such things as rates at all. One member of the Socialist party publicly declared that it did not matter to the workingman of the borough how high the rates were. But the people got to see in course of time that there were drawbacks, even for them in unrestricted Socialism. They found that because of the increased rates, house rents were going up 12½ to 20 per cent., notwithstanding the threats of the Socialists that every landlord who raised his rents should have his assessments increased. They found that employers of labor began doing with fewer hands, of putting down more and still more labor saving machinery, of paying lower wages and even of removing from the borough altogether. They found that corporation employees were getting 20 per cent. over trade union rates in an eight-hour day in which they did practically as they pleased, while workmen not in municipal employment were expected to put in a full day's work for an ordinary wage, and to help, through higher rents, to confer a variety of advantages on an essentially privileged class. At first the men employed in the factories and workshops thought they ought to have their own employer's conditions of labor similar to those conceded to the corporation employees. One day a corporation servant overheard the foreman of a large works complain to a workman that he was late and insist on his keeping proper time. Thereupon he called out to the foreman: "If you were under the council you would get the sack." The standard of work set by the municipal employees showed, indeed, a tendency to lower the standard of work throughout the district; and it thus brought about distinctly demoralizing influences in local industries. So trouble arose in various directions until it began to be seen by the most intelligent of the workmen that the persons in fault wre not their own employers but the persons who ruled the town council.

At this point, the correspondent says, the common sense of the community awakened. An Anti-Socialist Association was formed which, in 1899 and 1901, succeeded in reducing the Socialist strength, and in 1901 decisively defeated them at the polls. The result of the Socialist rule in four years had been to increase the taxes from 6s. in the pound to 10s. 8d., which amounts to taking more than half of the gross rents. In the meantime the assessments had been increased to such an extent that industries had been driven away and abandoned, a legacy of obligations had been left behind, and it is expected that the taxes will get up to 12s. in the pound before they begin to fall.

BATTERSEA—THE "MUNICIPAL MECCA."

The Metropolitan Borough of Battersea is one of the places where municipal activity has been carried to its greatest length. The Times correspondent has a long article devoted to it in the issue of Sept. 18, 1902. The gist of the article is that the place is run by the Labor Unions, who elect councilmen to suit themselves and sometimes themselves as councilmen. He gives an instance in which two persons were elected as councilmen and immediately resigned their seats in order to take employment under the council as road sweepers at less than $7.00 a week. The Labor Unions appear to control two-thirds of the electorate. They are charged with limiting the output of a day's labor, causing unnecessary works to be entered upon and general shirking of work. "The Works Commitee," he says, "consists to the extent of two-thirds or so of trade union secretaries. The Carpenters', the Bricklayers', the Stonemasons', the Plumbers', the Smiths' and the Laborers' Unions all had their secretaries on this one committee, and it was these individuals who had the chief voice in deciding on the plans and in supervising the work." The result he gives as follows:

Times, 18th Sept., 1902, p. 12.

A crisis was reached in the early part of 1900, when a quinquennial valuation of the borough increased the assessments by close on £106,000. Had these re-assessments been fully maintained the progressive party would have raised considerably more revenue at the cost of the leading ratepayers without the discredit of increasing the rates. But an indignation meeting was held, a municipal alliance was formed, and the assessments were appealed against, the total increases being eventually reduced to £60,000. It is quite true that a good deal of the revenue raised in Battersea is paid away to outside bodies over whom the borough has no control—the London school board, the London County Council, the board of guardians and so on. But the growth of Battersea's municipal debt can hardly be regarded with equanimity by those who are interested in her welfare. In 1865 it stood at £25,000; in 1892 at £78,532; in 1897 it was £128,000, and to-day it is over £500,000. Much of this debt has been incurred in respect of items which ought to have been met out of current account; but the facility with which loans can be raised by corporations is leading to all kinds of dubious practices. Thus the Battersea authorities have been known to raise £1,000 on loan in order to pay for some horses. When, too, their treasury has run low and they could not wait until the rate collectors had replenished it, they have not hesitated to apply to some general administrative purposes the loans raised for specific objects. So it is that the municipal debt has been piled up, and for payment of the interest on loans the ratepayers have to provide close on to £40,000 a year, which, in itself, is equal to a rate of 10d. on the pound. In twelve years, too, the sum total of the rates at Battersea has gone up from 5s. 8d. on the pound to 8s. The most strenuous efforts have been made by the party now in power to avoid the discredit of a further increase in rates; but in some quarters it is affirmed that next year they will be obliged to put on another 1s. 6d. in the pound at least, if the borough is to pay its way.

BOROUGH OF POPLAR.

This Metropolitan Borough is the subject of The Times correspondent's article on Sept. 22. He shows how the control of the affairs of the borough have fallen into the hands of persons having little stake in the place. The Mayor is a cooper and his only assessment is as a tenant at £11 a year. Two councillors are laborers at a wage of £1 a week. Among the others are a gas stoker, a bricklayer's laborer occupying half a house worth 4s. 6d. a week, and some others of about the same class. And the Board of Poor Law Guardians are of about the same character. The financial results of this regime are set forth as follows:

Times, Sept. 22nd, 1902, p. 10.

Poplar had developed into a sort of paradise for paupers. The poor flock there from all parts of London and so do the tramps. The average daily number of inmates in the Poplar workhouse in 1892 was 874; now it is 1,372. The average cost of maintenance per head per week in 1892 was 3s. 7½d.; now it is 5s. 6¾d. The expenditure on account of poor rate in 1891-2 was £54,000; in 1901-2 it was £118,046; while the sum total of the rates has increased from 6s. 7½d. in the pound in 1892 to 10s. in the pound at the present time.

GLASGOW MUNICIPAL TRADING.

Glasgow cuts such a great figure in the annals of municipal trading that considerable space must be given up to an explanation of the various undertakings of the city. The Times correspondent says:

Times, 30th Sept., 1902, page 13.

Tradition says that a Glasgow councillor once affirmed that the aim of the corporation of that city was to provide everything the population required in its passage from the cradle to the grave; and when one goes through the list of what the Glasgow corporation do for their citizens, there would seem to be not very much scope for energy left open to anyone else. Thus, without making any pretense to exhaust the catalogue, it may be mentioned that the corporation supply Glasgow with water, gas, electric light, tramways and telephones; they control 11 public parks and galleries, 13 baths and wash-houses, a fruit and vegetable market, a dead meat market, a home cattle market, two foreign cattle markets, a cheese market, a bird and dog market and an old clothes market, four slaughter-houses and offices, four hospitals and one burying ground; they are the owners of 2,488 municipal houses, 78 lodging houses (of which they manage 7 themselves), a family house (also managed by the corporation), 372 shops, 49 stores, 43 warehouses, 43 workshops, 12 halls, two churches, two hotels, one theatre, one studio, one pawn shop, one nursing home, one powder mill, one panorama (site), one laundry, one bakehouse, one golf course, and one Gospel tent; they farm over 1,000 acres of land, where large crops are grown, including all the hay used in the stables of the cleansing department, as well as large crops of oats, wheat, turnips, etc.; they convert the city sewage into solid matter, which they sell to the farmers for manure; they carry on business as market gardeners; they possess stone quarries, and have 900 railway waggons; they build tramcars, reclaim bogs, conduct a civic granary, raise £1,000 a year on the clinker from the refuse cremating furnaces, collect and sell waste paper, and are not above melting and disposing of the solder from the old tin cans they find in the dust heaps—all these things being done or supervised, in their leisure time, by the miscellaneous group of persons who constitute the Glasgow corporation.

There is in fact hardly any limit to the activity of Glasgow's local rulers; and if any city on earth could be made perfectly happy, prosperous and contented by means of an extreme resort to municipal enterprise, municipal trading, municipal socialism—call it what you will—that city should be Glasgow. But it is doubtful if, after all, Glasgow is quite so prosperous, so happy, or so contented as, theoretically, she ought to be. On the one hand, her enterprise is held up by enthusiasts as a model for universal municipal imitation. On the other, there are mutterings of discontent among not a few of her citizens, who look disconsolately at the hampering of traders by reason of the higher rates and the direct competition of the municipality, who view with uneasiness the decreasing opportunities for the investment of capital in local commercial undertakings, who regard with alarm the enormous expansion of Glasgow's debt, who have watched the steady growth in the corporation of Socialist tendencies, with which they have no sympathy, and who have seen in the development of the past few years the danger of Glasgow's being converted, sooner or later, from a free city, where every man

has liberty to carry on his occupation or his industry under the protection of his local rulers into a communistic society where those rulers would have all industries under their control, and deprive him alike of any opportunity for independent enterprise and of any incentive to individual exertion.

This last mentioned natural development of ultra-Socialist principles may still be far off—yet not so very far off, perhaps, if one supposes that the so-called municipal progress of Glasgow during the last 12 years is to continue at the same rate for the next 12 years. As it happens, too, there, is not the pretense of saying at Glasgow that municipal enterprise is resorted to as a means of "keeping down the rates." So far at least the rulers of the city are absolutely sincere. Glasgow's municipal undertakings are conducted without any desire to become remunerative, merely in the way of producing a profit; and it has been repeatedly said that any profit, if made, would be applied, not to the reduction of the rates, but to the improvement or the cheapening of the services. Thus, the rates are pledged in the interests of the user, and the ratepayer as such gets no benefit in return.

GLASGOW'S FINANCES.

How the annual municipal revenue and expenditure of Glasgow have been affected by her "enterprise" is well shown by the following table (compiled from official returns, and published in the "Citizen's Union Year Book"); and special attention may be called to the figures illustrating the great increase in late years on capital expenditure:—

—	Revenue.	Expenditure.	Capital expenditure.
	£	£	£
1887-88	1,144,268	1,142,199	193 774
1888-89	1.182,667	1.169,231	248,436
1889-90	1.212,153	1,193.156	333,855
1890-91	1,304,640	1,284,920	301,772
1891-92	1,471,538	1,528,595	810 542
1892-93	1.550,984	1,531 506	734,948
1893-94	1,609,689	1,555,909	857.895
1894-95	1,892.581	1,851,323	727,819
1895-96	2,023,122	1,934,186	637,549
1896-97	2,100,955	2 021.796	738,947
1897-98	2,204,862	2,136,801	665 965
1898-99	2,441,211	2,349,447	860,199
1899-1900	2,573,200	2.490,003	1,171,995
1900-01	2,809,405	2,846,442	1,797,871

Still more disquieting, perhaps, is the following table, also from the "Citizen's Year Book," showing the growth of Glasgow's municipal debt, as compared with the corresponding growth in the assessable rental:—

—	Debt.	Assessable rental.
	£	£
1887-88	5,835,399	3,364,502
1888-89	5,382,400	3,370,733
1889-90	5,347,024	3,404,403
1890-91	5,448,027	3,455,510
1891-92	6,341,938	3,438,747
1892-93	6.714,516	4,060,000
1893-94	7.011.894	4,164,916
1894-95	7,218.223	4,208,842
1895-96	7,554,619	4,243,982
1896-97	8,748,652	4,432.677
1897-98	9,049,065	4,532,179
1898-99	9,632.587	4,621,694
1899-1900	10,624,397	4,791,314
1900-01	12,875,219	4,952,964

It will be seen that, while the increase in the assessable rental of Glasgow since 1892-93 has been less than £900,000, the increase in the municipal debt in the same period has been over £6,000,000; and, in the circumstances one can readily sympathize with the views expressed by a Glasgow paper, the Citizen, when in declaring that there was a notable need in the Town Council for men who understood figures and finance, it said:—

There is a feeling that the expenditure of the city is outrunning the constable, that, in point of fact, the corporation, with too great facility for obtaining cheap money, is rapidly accumulating a very heavy debt obligation, which may prove troublesome in the not-distant future.

How the rates have gone up in addition is illustrated by the figures given below. These show the total rates imposed by the corporation in all its branches for municipal purposes only, and do not include domestic water rate payable by tenants, and rates for cleansing private streets or courts, and for stair and court lights payable by property owners:—

Year.	Rate per £.				Total assessment of every kind imposed in each year for municipal purposes.
	Rents £10 and upward.		Rents below £10.		
	s.	d.	s.	d.	£
1887-88	2	5½	1	9¼	358,421
1890-91	2	5⅝	1	9 2/10	375,544
1899-1900	2	9⅛	2	3	650,887
1900-01	3	0⅛	2	4 13/16	718,753
1901-02	3	3⅝	2	7 11/16	738,446*

*Estimated.

The increase in rate has told severely on the trading classes. The railway companies have been especially affected, all the more so because four of these companies provide about one-fifteenth of the total rates of the city of Glasgow. In the case of one company, the yearly increase in the local rates paid in respect of their line and station values and house property in Glasgow since 1895 has been as follows:—1895-96, £676; 1896-97, £1,215; 1897-98, £3,328; 1898-99, £4,556; 1899-1900, £6,475; 1900-01, £8,710; 1901-02, £10,913. It is true that 40 per cent. of this increase was due to greater assessable value of the property concerned; but the remaining 60 per cent. was due to the increase in rates per £. In the case of another company the increase per annum for the three years ending 1902 was £1,990. Not only have the railway companies to bear this substantial increase of their local burdens, but they have, as well, to meet a direct competition from the very authorities whose undertakings they are taxed to support. So severe may this competition become in the matter of municipal tramways, for instance, that the Glasgow and South-western Railway Company have just announced the withdrawal of their suburban train service from Glasgow and Springburn, and also between Glasgow and Govan. As regards the general traders, four merchants in Glasgow had to pay increases during the past eight years to the extent of £1,000, £900, £395, and £368 respectively.

As against the rapidly-increasing public debt of Glasgow, there are, of course, substantial assets; though at Glasgow, as elsewhere, the argument that the city will be owner of valuable undertakings when they shall have been finally paid off does not adequately console the citizens, who are bearing the burden of higher taxation to-day. There is some doubt, too, as to whether the available assets are so great as the world at large has been invited to believe. Only a few years ago, for instance, it was stated

hat the balance sheet of the corporation showed the splendid surplus of £3,000,000; ut a local newspaper, the Citizen, looked into the figures, and found that among the ost valuable of the corporation's assets taken into account were the city's sewers nd the street paving setts. It would seem, too, that the credit of Glasgow is falling ff somewhat in the opinion of investors, for in a letter to the Glasgow Evening Times f March 24th last, Mr. Arthur Kay wrote:—

"In 1896 Glasgow Irredeemable Three-and-a-Half per Cents stood at 139½; they are ow 118. Glasgow Two-and-a-Half per Cents, redeemable, 1925-40, were 104¾ in 1896; ow they are £86. How's that for the credulous investor who believes in the "unlimited ecurity" put forward by the borrowing corporation of Glasgow? How can security be nlimited so long as there is a legal limit to assessable values? How does the investor eel who finds his capital reduced in six years by over 17 per cent.?"

An investigation into all the various enterprises undertaken by the corporation of Glasgow would be far too voluminous a task for the space here available; and some of hese enterprises, such, for instance, as the water supply, which, most happily, was ndertaken by the city rulers years ago, in circumstances that reflect only credit on hem—merit undoubtedly, cordial approval, as does also the energy shown in matters af-ecting public health, and in various other ways. But when one comes to look into the peculative undertakings carried on by the city, there is certainly room for enquiry; nd it is worth while looking into a few of these, by way of seeing if they really have een so successful as the advocates of the municipalization of such undertakings ould have us believe.

THE GLASGOW TRAMWAYS.

Of the many phases of municipal enterprise to which Glasgow has resorted, it is for he tramway system that the greatest degree of credit is claimed. True it is that andsomer and more commodious cars, lower fares, and a more convenient service gen-rally could not easily be found. But further the world at large is invited to regard the Glasgow tramways as a pronounced financial success—if not, indeed, an absolute riumph of municipal enterprise; and the results secured—or alleged to have been se-nred—at Glasgow are referred to all through the United Kingdom by the advocates f such enterprise as deserving general emulation. It is, therefore, a matter of excep-ional interest to inquire what these results have actually been.

The year ended May 31st last, for which the accounts of the Glasgow Tramways Department was presented in August, was the first year in which the tramways had een operated by practically electric traction only; and these accounts show, as a result f 12 months' working, a balance of £209,310 4s. 4d. Not a few unreflecting people in he country have regarded these figures in the light of "profit." and their esteem for Glasgow tramways, and their belief also in municipal enterprise have become consequent-r greater than ever. But from this "gross balance" certain deductions must be made. From it there is to be taken £5,057. 3s. 10d. for interest and sinking fund, etc., on the ost of Govan tramways; £54,282 17s. 10d. for interest on capital; £36,974 15s. 9. for inking fund; and £12,500 payment to the common good. These items reduce the gross alance to a net balance of £100,495 6s. 11d. to be added to the general reserve fund. But a close analysis, to which the Glasgow Herald has subjected the figures, shows hat even this net balance is in no way to be regarded as net profit. The Herald con-iders, in the first place, that the payment for the use of the Govan tramway is de facto ental; and it argues that, if the department paid in the same proportion for the tract ithin the city boundary and as much as a company would have to pay, it would con-ribute to the common good a sum of £48,700, instead of £12,500. "Moreover," the

Herald proceeds, "the corporation department escapes the interest on a deposit, and other obligations laid upon lessees, and all this helps to increase the illusory surplus." Following up the further history of the £100,495 6s. 11d. after its transfer to the general reserve fund, the Herald shows that it is there applied in liquidation of payments which ought to have appeared in the general balance sheet. From the £283,923 13s. 9d to which the general reserve fund was augmented by the addition of the £100,000 odd there is first taken £190,000, to transfer to permanent way renewal fund, from which the expenditure during the past three years has been £240,560 2s. 5d., and in which a balance now remains of only £85,344 for upkeep of track. The allocation of this £190,000 left the general reserve fund with a nominal £93,923 13s. 9d. But this, the Herald proceeds, is only a book entry for depreciation—cost of alteration of buildings to suit electric traction, the loss on last dispersal sale of horses, being taken out of this fund instead of out of the reputed "gross balance." These debits absorb £93,539 15s. 8d., and leave only £383 18s to the credit of the general reserve fund. Recasting the balance sheet without the cross entries through reserve account, the Herald gets the following results:—

RECEIPTS.

Gross per statement	£614,413 4 11	
Less working expenses	405,103 0 7	
		£209,310 4 4

EXPENDITURE.

Govan tramways	£5,057 3 10	
Interest on capital	54,282 17 10	
Sinking fund	36,974 15 9	
Common good	12,500 0 0	
Depreciation, etc., per reserve fund account	93,539 15 9	
		202,354 13 2
Net balance		£6,955 11 2

Even with this transformation of a "gross balance of £209,310 4s. 4d. into a net balance of £6,955 11s. 2d., the merciless critic in the Herald is not satisfied, for he continues :—

"Had the department to pay rental such as a company would have to pay, instead of a trifle of £12,500, to the common good, there would have been a dead loss of over £40,000. This is assuming that enough has been written off for depreciation in every direction, which, however, is assuming too much. We freely admit that the writing down and disposal of the large stud of horses has been skilfully managed. . . . But the electric cars have now reached the value of £296,355, and the depreciation written off is only £22,541, including the depreciation on all the other vehicles in the department. But who knows what the life of one of our electric cars is going to be? Who knows how long a motor will be serviceable under the strain of our traffic and heavy gradients? Again, the capital outlay in respect of the electric equipment has been £466,596, and against this only £14,690 has been written off for the depreciation during the year. But what is the life of an overhead wire and its supports? And how long will it be before the whole wiring has to be renewed from end to end? If in the course of four or five years, as some assert, then it is obvious that very insufficient provision is being made for renewal.

"One obtains here an interesting insight into the system of municipal bookkeeping, by means of which experts in municipal enterprise are able to declare illusory profits; while so great is the desire at Glasgow to keep up the public faith in such profits that on the strength of the working of tramways for the year ended May 31st having been such a great financial success (?), a very substantial reduction was made in the fares, on June 1st, in order that the "users" should benefit by the "profits." At Glasgow, as

has been already explained, there is no idea of utilizing such profits, whether real or imaginary, in relief of general rates—and this notwithstanding the fact that the traffic in the city since the introduction of the electric haulage has been greatly diverted to side streets, the increased cost of maintenance of which falls on the ratepayers. But when in due course, heavy charges for renewals in connection with the tramways have to be met, and the reserve funds are found inadequate to meet them because the "profits" have been given to the tramway users in the form of reduced fares, it is at the risk of these very ratepayers that the further sums required will have to be paid. The whole enterprise is a case of "heads, the tramway patrons win; tails, the ratepayers lose."

THE GLASGOW MUNICIPAL TELEPHONES.

The question of the success or otherwise of the telephone system which the corporation of Glasgow have set up is also a matter of exceptional interest, inasmuch as municipal telephony represents one of the latest developments of municipal enterprise, and already various towns are being inspired by the example of Glasgow, and especially by the report of the "profits" that city is already making, to follow in her footsteps in organizing independent systems of their own.

One of the principal reasons why the Glasgow corporation embarked on the telephone business at all was the admitted inefficiency of the local service of the National Telephone Company. It was further declared that that service was too dear, in addition to being unsatisfactory in itself; and the corporation aimed at providing a five guinea service, on which, they declared, a profit could be made. Whether or not this is possible remains to be seen, but in regard to the inefficiency of the company's telephone service, there are one or two considerations which, in common fairness to the much-abused company, ought to be borne in mind. So far back as 1896, the National Telephone Company found that their Glasgow service stood in need of improvement, and they resolved to reconstruct the entire system. In the carrying out of this reconstruction they thought it most desirable that the wires should be put underground, and they applied for leave to do so. The outcome, however, of their prolonged negotiations with the corporation was that permission was refused; and the company then set about their reconstruction scheme on the overhead system, getting way-leaves as best they could; while, to make up for the time already lost in fruitless negotiations with the local authorities, they did the delayed reconstruction with a speed that, for the time being, led to fresh complications in the working of the telephones. Meanwhile, the corporation had resolved upon setting up a system of their own, the very inefficiency which their obstructive policy had directly tended to increase in the company's system being made use of as one of the main arguments in favor of municipal action. To begin with, the corporation spent £16,000 on Parliamentary and other "preliminary and general expenses." Then, although the original estimate of the cost of work was £121,000, the accounts for the first nine months' working show that the sum actually spent up to that time was £192,693 14s. 3d. This substantial increase is accounted for by the fact that the work has been carried out on a more extensive and a more efficient scale than was at first contemplated. But it is rather startling to find that close on £200,000 should have been already spent on an undertaking, the license for which will expire on December 31, 1913, when the Postmaster-General will be able to purchase, for its fair market value, at that date, "all such plant as is suitable for actual requirements." As this big liability has been incurred at the risk of the general body of the ratepayers in the supposed interests of a particular section thereof, one is entitled to look all the more closely at the results of the working, so far as they have been at present declared.

According to the financial statement of the telephone department for the first nine

months, the accounts show a balance to the good of £398 7s. 10½d. This odd halfpenny is especially impressive, and at first sight it gives one the idea of a most scrupulous system of municipal bookkeeping. But the bookkeepers who will not forego the credit even of a single halfpenny do not think it necessary to debit a £200,000 concern with anything at all for depreciation, though it is perfectly certain that deterioration must have set in at once in the case of a class of plant which decreases in value at a far greater rate than ordinary machinery, and may at any time be superseded by improvements. It is, indeed, declared that the main switchboard set up by the corporation is of a type which had already been discarded by the National Telephone Company. In the same way the allowance of only £1,960 for sinking fund is, in the circumstances, justly condemned as "hopelessly inadequate."

Then, Mr. John M. Murray, a Glasgow accountant, has shown, in a letter to the local press, that, though the amount of revenue received during the nine months is put down at £28,171 13s. 5d., that sum included (a) the amount paid in advance for telephone services not yet rendered, representing £12,417 1s. 5d.; and (b) trunk and telegram fees amounting to £1,658 8s. 1½d., which were merely collected on behalf of the Post Office, and required to be at once paid over, less a small commission for collection.

There is no need to go any deeper into the accounts in order to convince oneself that the allleged profit of £398 7s. 10½d. is a little more than a paper profit, and only another illustration of the ingenious manner in which municipal figures can be manipulated when the compilers thereof start with the assumption that they are morally bound to show a favorable balance, whatever the experiences of the undertaking may have been. But, quite apart from this question of the first nine months' working—from which no reasonable person would have expected any profit whatever—there would seem to be very little prospect whatever that the Glasgow municipal telephone service will become a financial success at all on its present lines. Its greatest claim to the support of the citizens is the fact that it is a five-guinea service, so that it will save them £4 15s. a year if they have it in preference to that of the National Telephone Company.

But there are the gravest reasons for doubt whether, in view of the magnitude of the expenditure and the shortness of the license, the service can ever be made to pay on a basis of a five-guinea subscription—especially if it be true, as stated in one quarter, that the trunk line charges which the corporation have undertaken to defray, have in certain cases swept away the whole of the five guineas the subscribers have paid. So there are already suggestions for an increase in the subscription, and it has been intimated in the council chamber that "if the corporation want to make money they can raise the charge to £10." Then, to claim that the municipal system has saved the ratepayers £25,000 a year by giving them a cheaper telephone service, it can only be replied that, inasmuch as 3,000 firms are officially stated to have adopted both the municipal and the company's service (so as to make sure of being in communication with subscribers to both systems), it looks very much as if the firms in question, instead of saving anything, were spending at least £15,000 a year in excess of what would be necessary if there were only a single system.

The whole position, in fact, in reference to either the present or the future success of municipal telephony in Glasgow is so far doubtful that other towns which may be disposed to follow the example of that city would do well to look closely into the figures on the strength of which a profit is already claimed, and not to accept too readily the roseate statements made in the Glasgow Council chamber, of which, in dealing with this self-same question of municipal telephony, the Glasgow Herald of September declared:—

"The levity and incapacity displayed in that chamber in the discussion of all questions affecting the administration of the public funds is the despair of thinking citizens. Members destitute of the most rudimentary notions of bookkeeping vote away thousands with a light heart, and cheerfully express approval of the satisfactory character of accounts which they are clearly unable to understand."

THE ELECTRICITY DEPARTMENT.

For the story of electric lighting at Glasgow a very few words must suffice. From 1882 to 1892 municipal enterprise did nothing in the matter. But when, in 1892, the corporation found that a small private company had started, and had already got 37 customers, they took alarm, resolved to have the field clear for themselves, and bought out the company for £15,000. They then set up a new station of their own, but in its early history the development of the Municipal Electric Lighting Department was handicapped by the jealousy of the municipal gas department. which sought to put obstacles in the way of a younger rival that threatened its own ascendancy. This attitude was due in no small degree to the fact that an ambitious gas manager, interested only in the success of the undertaking of which he had charge, was able to influence the minds of a feeble committee, thus bringing about a condition of things which has been experienced in other places besides Glasgow. In 1898 a spurt was made with the electricity department, and a substantial extension of the supply was organized, but the number of customers was still so small that, in order to secure more, the prices were reduced (notwithstanding the loss at which the concern was then working); and it is represented that the charges are now the lowest in the United Kingdom. The final result is that in a population of 762,000 people, the Glasgow Corporation had, on May 31st last, 5,374 customers for their electric light and electric power, and that on a capital expenditure of $962,000, they claimed to have secured in the year 1901-1902 a surplus of £11,430. But, as this sum is stated by them, in their annual report, to be "insufficient to provide for general depreciation of the whole capital of the undertaking," it is held that "the wisest and most prudent course to follow is to apply this money to the reduction of the capital accounts involved." In other words, the surplus is absorbed by writing off the capital value of plant that has become more or less obsolete, and the alleged "profit," after nine years' working, is not even adequate to cover all the allowances for depreciation that ought, properly speaking, to be met!

OTHER GLASGOW ENTERPRISES.

The Times correspondent then gives a long account of the municipal house-building schemes of Glasgow, of which it is not necessary to say anything here, except that he admits the great improvement made in appearance and sanitation, but doubts the profitableness and condemns the interference with private enterprise.

There follows in the Times of Oct. 6 a second letter dealing with Glasgow, in which a history is given of an attempt of a "Socialist and Labor" party, which became known as the "Stalwarts" to gain possession of the City Council. They captured a number of seats but never a majority. In 1898 a Citzen's Union, hostile to the Stalwarts, was formed, and has since then succeeded in defeating a considerable proportion of the Stalwart members.

THE POSITION OF BIRMINGHAM.

This flourishing borough was one of the first to embark in municipal enterprises on a large scale, and it has been one of the most successful. The Times correspondent on 25th Sept., 1902, gives a long account of the experience of the place. The movement

toward improvement commenced in 1869 when Mr. (now Rt. Hon.) Joseph Chamberlain and his brother Richard headed an organization of the best class of citizens with the object of revolutionizing the town and improving the condition of all the inhabitants. The first achievement was the municipalization of the gas and water services, which were splendidly successful. As to the gas works, every year since they were taken over they have earned above cost a surplus never less than £19,000, and once as high as £70,000. The cost of lighting has been reduced to the bare cost of manufacture, extensions have been made out of revenue, large sums set aside for depreciation and renewal—the capital charges to-day being very little more than they were twenty years ago, though the gas supply has trebled—and out of the profits of the concern the greater part of the cost of erecting the Birmingham Art Gallery has been provided. The Times correspondent makes this criticism thereon:

Times, 25th Sept., 1902, p. 4, col. 4.

All this looks like unqualified success; but in spite of the successes thus claimed for it, the gas undertaking has not escaped a certain amount of criticism. The relief of rates is a healthy sign; but it is pointed out that manufacturers or well-to-do people who have discarded gas and use electric-light get their rates reduced by the consumption of a commodity which they do not themselves burn, and they enjoy the privilege of a light which, though provided by the town, yields no profit to, and is beyond the means of, their less prosperous fellow citizens. It is suggested that in this way the gas consumers pay a double set of rates, their own and through the gas charges a portion of those of the non-gas consumers. Then, although it is admitted to be an excellent thing that the city should have an art gallery, it is suggested that it was hardly fair that the gas users should have had to find the greater part of the cost. So it is urged that if the profits be really so substantial, the consumers should derive a greater benefit from the enterprise by a reduction of the charges, on the other hand it is contended that the profits themselves are not so high as they should be, considering the amount of capital involved, one reason being, it is said, that the gas employees are paid too much money for too little work.

BIRMINGHAM WATER SUPPLY.

Whether or not the gas undertaking is an unqualified success, the case of the municipal trader as to the water supply is simply an unanswerable one. In the first place the location of Birmingham is such that private enterprise could not have succeeded. The town is on a tableland in the centre of England, and is 600 feet above sea level. Local supplies are, therefore, scanty, and being derived from land which is the seat of one of the densest populations in England were liable to contamination. The municipal authorities have done more than any private company could have attempted to do in the way of providing pure water, and now they have embarked on a scheme for bringing a supply from the mountains of Wales. The Times correspondent admits that in Birmingham the principle of the municipalization of the water supply has been abundantly justified. Though he has some remarks to make about the prospective cost of the Wales scheme, being now admitted to be over £2,000,000 in excess of the original estimates.

ELECTRIC LIGHTING.

In the matter of electric lighting the corporation have thus far not been very successful. They decided in the first instance to leave electric lighting in the hands of private companies; and the Birmingham Electric Supply Company was started. It succeeded so well that it declared a profit of £6,000 in 1895, one of £9,000 in 1896, and one of £13,000 in 1897, when it had 917 customers. Thereupon it was thought that so

remunerative an undertaking as this should be in the hands of a local authority; and the corporation bought out the concern for £420,000; a sum which is admitted to be far in excess to the actual value. Since then the profit has been turned into a deficiency. For the 15 months ending March, 1901. this deficiency was £4,175, and for the year ending March 31st, 1902, it was £4,813. It is accounted for mainly by the fact that special expenditure has had to be incurred in the conversion of the system to the higher voltage, but the assurance is given that the deficiency will not fall on the rates, inasmuch as it is met out of the renewal fund account taken over from the original company.

TRAMWAYS.

The corporation have now also formally resolved on working the tramway service in the city as the leases granted to the various companies fall due, and they have approved a bill for promotion next session to authorize their doing so. That the present tramway system at Birmingham is far from being a credit to the city no one can deny. On some of the routes dirty and unsightly cars, which ought to have been scrap-heaped years ago, are still drawn by lumbering steam traction that is now quite out of date. But the history of tramway enterprise in Birmingham is one long series of differences and bickerings between the corporation and the company, in whose path almost every possible impediment seems to have been thrown. Mr. Vince himself says on this particular matter in his "History of the Corporation":

During the years 1885 and 1886 the public works committee was busily employed in examining numerous schemes which, if they had been executed, would have covered the city with a network of rails. It would be wearisome and useless to attempt any detailed account of all the abortive and forgotten schemes of this period of speculative enterprise, or to enumerate the drafted bills or provisional orders which the corporation was called upon to support or oppose. In general, the policy at this time was one of steadfast opposition to the schemes of projectors.

The same attitude has been so far maintained since that time that private enterprise has really not had a fair chance at Birmingham to show what it can do in the way of keeping pace with the march of progress in tramway matters; and the companies have found either that it was impossible to carry out the improvements that would otherwise have made, or else that it would have been rash to have incurred heavy expenditure towards the fag end of leases which were not likely to be renewed. So it is that the Birmingham tramway system to-day leaves, to put it mildly, a good deal to be desired.

The case in favor of municipalization is based on the twofold ground that the corporation want (1) to ensure a better service and (2) to absorb in the interests of the rates, the profits now being made by the companies. The former point is a weak one because private enterprise could, at Birmingham as elsewhere, provide quite as good a service as a corporation—assuming that it were allowed sufficient scope. It is therefore, the second point that appeals mostly to the citizens, and in the Birmingham Daily Post of July 22 it was stated: "The city is looking to the tramways to relieve it of the enormous increase in rates growing out of the Welsh water schemes." As against municipalization it is argued that to make the tramway service really efficient will involve a very great outlay which would add considerably to the debt of the city; that there is the risk that the overhead system of electric traction, which is now favored, may become practically obsolete by the time it has been applied (just as horse traction, steam traction and cable traction have been successively tried in the city and followed by improved methods), in which case the rates would suffer rather than gain; that the management of tramways is a matter involving a greater degree of expert knowledge than can be expected from town councillors following such occupations in life as those

given above; that the deficiency of experience on the part of the councillors is not likely to be made up for by the officials unless there is a greater disposition shown to pay adequate salaries to first-class men; that inasmuch as municipal management is notoriously more costly than company management, and as the alleged profits are too often only paper profits, it does not follow that the corporation will be able to show anything like the same results as the companies are showing; that in this respect the experiences of the electric lighting department may be only repeated; and that in effect, if the corporation were to adopt the United States system (as expounded in the Hon. Robert P. Porter's address before the British Association on September 12), and made sure of a substantial return from the private trader, binding him down to the giving of an efficient service, while offering him fairer treatment than before, the city treasury would probably reap a greater benefit in the end than if the members of the corporation themselves undertook the burden and risk of managing still another costly enterprise, the intricacies of which they cannot be expected properly to understand.

THE SUMMING UP AS TO BIRMINGHAM.

The Times correspondent sums up his statements by saying that "Altogether the case of Birmingham offers arguments in favor of the views alike of those who support and those who oppose municipal enterprise." He says that the capacity of the council has been running down lately. "There is a disposition to think that the same degree of credit can no longer be got out of local administration by the leisured or the aspiring citizen as was the case a few years ago. As against this there seems to be an increasing desire on the part of small manufacturers, professional men—especially solicitors—tradesmen and others to secure municipal honors; and rightly or wrongly, their aspirations are to be regarded as not entirely due to a tender regard for the public welfare." "The Labor members on the Birmingham City Council are not especially obtrusive. They are described as honest, well meaning men who are as anxious as any of the other members can be to maintain the reputation of the council for an entire freedom from any suspicion of jobbery or corruption."—but, he says, they talk too often and too much; some of them are "awful windbags," and "in committee work they are not of much use."

THE EXPERIENCE OF HALIFAX.

In The Times of October 13th, the correspondent gives particulars of the municipal trading schemes at Halifax. He says the corporation controls the water, gas and electric light, the tramways; they have public baths and a municipal slaughter house; they have obtained authority to sell electrical fittings, to set up a municipal telephone exchange, also a savings bank for corporation servants, to become common carriers. The corporation works, he says, have one and all ceased to produce revenue, and the loan debt has gone up to £3,000,000. The taxes are equal to 7s. 4¾d. in the pound. The tramways are run at a loss. The water works which, in 1897, turned in a profit of £10,471 in aid of the rates, in 1902 drew £1,500 from the rates. The gas works two years ago showed a profit of £18,000. Last year there was a loss of £13,196. He attributes the failure to the dominance of the combined Radical and Labor or Socialist party. "Whatever his capacity for the management of municipal undertakings a Conservative employer of labor would now have practically no chance of getting returned to Halifax Town Council. There exists at Halifax a Municipal Workers' Committee which enters into municipal politics and at the time of writing was very powerful. A Ratepayers' and Property Owners' Association had just been formed with a view to recovering control of the city, but the organization is as yet too young to have achieved much.

CONCLUSIONS AND RECOMMENDATIONS.

In The Times of November 11th the correspondent recapitulates the main conclus- s at which he had arrived, as follows:

nes, 11th v., 1902, 4.

1. That the unrestricted growth of a huge local debt which threatens to attain to the same proportions as the national debt, constitutes a source of danger to the finances of the country.

2. That the uneasiness caused thereby is not dispelled by the fact of a certain proportion of the debt having been incurred for "remunera- e undertakings," these being too often of a highly speculative character, while the certainties of municipal bookkeeping in general leaves room for considerable doubt as the precise value of the undertakings as available assets.

3. That, on account partly of these speculations, and partly of the rapid advance of nicipal expenditure all along the line, the rates are advancing in a way that con- utes a considerable burden upon the community.

4. That this burden is at present especially felt by manufacturers, industrial com- nies, traders and property owners, but must eventually fall upon the working classes the shape of higher rents, lower wages, and the increased cost of commodities.

5. That many boroughs, cities or smaller communities in the land are threatened h financial troubles at no distant date by reason of the excessive expenditure of their al rulers. Already there has been an instance quite recently where a certain im- rtant borough was refused further advances by its bankers. It applied in vain to a mber of other bankers for money, and eventually only escaped a real financial crisis inducing one bank, more considerate than the others, to let it have sufficient to e matters over.

6. That the assurance that posterity will benefit from the municipal undertakings w being embarked upon when their cost has been eventually cleared off, is an inade- ate source of consolation for the overburdened ratepayers of to-day.

7. That the heavy cost of the late war and the increase in local burdens for pur- ses legitimate or unavoidable, are further reason for protesting against any extrava- nt expenditure of public money and the incurring of injudicious liabilities on the part local authorities.

8. That the remedy for the present position is to be sought for, less in the dis- very of fresh sources of taxation, or in a resort to furnish speculative enterprise in pursuit of problematical profits, than in the bringing about of a more effective ntrol over local expenditure in general.

9. That new enterprises are embarked on too readily, without sufficient certainty of ure success.

10. That the unbounded extent to which the principle of municipalization is being ried on by local authorities is whether intentionally or not, in strict accord with the pirations of avowed Socialists in their dsire to secure the creation of a Collectivist ate, and the transfer to the popularly elected body not only of all "public services" t of innumerable trades and all the means of remunerative employment.

11. That there has been already spread throughout the land, by Socialists, trade ionists and others, a network of organization which aims at either the capture of nicipalities or the attainment through them of sufficient power to secure (in the in- ests of Socialism) an unlimited expansion of the principles of municipalization and ect employment, as a stepping stone to the realization of the full Socialist programme d (in the interest of the labor movement) the exercise on them of a controlling ice by trade unionism, with the object of making not only the local governing bodies emselves, but all business firms having dealings with them, subject to the laws and gulations of the labor unions.

12. That this network of organization is steadily widening its aims and increasing its strength, one of the latest developments being an association which is to bring into one body all town councillors and members of urban, district and county councils who are members of the Social Democratic Association, for the purpose of extending municipalization, municipal trading, municipal housing, etc., by means of conferences in various towns and an active propaganda controlled from headquarters in Manchester.

13. That the well-being of the British local government, the vigorous assaults by foreign rivals on our industrial and commercial position, and the best interests of the nation at large all lend emphasis to the demand that carte blanche should not be given to Socialists, semi-Socialists, trade unionists, political agitators and faddists of all descriptions to exploit municipal government for the furtherance of their own particular schemes or crotchets, the prospect of success in these directions being increased in proportion as the labor representatives provide well-paid and easy-going municipal employment for those who elect them.

14. That the Socialist-Labor organization, which aims at the capture of the municipalities, will also be available, and is to be used for political purposes in securing as many seats as possible in the Imperial Parliament, so that among other things the labor members be in a position to overthrow the decisions of judges in the courts of law.

15. That the energy and earnestness of the Socialist-Labor party are in a marked contract to the apathy and indifference of the ordinary middle-class citizen.

16. That, apart from the growth of the municipal debt and the increasing local taxation, the conditions here indicated are matters of grave concern, and that the country should arouse itself to a sense of the tendencyof present-day events.

17. That in many instances the municipal treasury would benefit more from the rates and other contributions paid by private traders than if the local authorities undertook the risk of managing the enterprises or industries themselves.

18. That while in the case of some of the large towns or elsewhere, municipal undertakings may be profitably conducted along wise and efficient lines, municipal generally has been carried to excessive lengths, especially in the case of smaller communities or those where there is a lack of capable business men on the local body, with the result that as declared in the Accountant of September 27, 1902:

Many of the trading departments owned by local authorities, which year after year are being made to show profits on trading, are practically unsound and must, if matters are allowed to pursue their present course unchecked, inevitably in the course of time end in utter collapse.

19. That the primary duty of a local governing body is to govern and not to trade, and that such a body should not usurp the functions of the private trader unless there is paramount proof that the real welfare of the community necessitates such a course and cannot be assured in other ways.

20. That this question of principle will remain whether or not municipal trading shows real profits, paper profits or losses.

21. That the direct effect of municipal enterprise on British industries is a matter for serious consideration, the results being especially experienced on the following lines: (a) absorption by municipalities of industries previously left in the hands of individuals and companies; (b) competition with private traders in industries which the latter still seek to carry on; (c) influence of municipal action is checking invention, industrial progress and independent effort; (d) pressure of increasing rates on industries where foreign competition has to be met and cost of production should be kept to a minimum; (e) injury done to the interests of a large number of professional men including architects, engineers and others by the multiplication of officials who readily undertake a variety of schemes or designs, requiring a high degree of technical skill, whether they are really

capable of dealing with them or not, thus depriving the said architects, engineers and others of a considerable portion of their legitimate business; and (f) prejudice to the building and other industries by reason of direct employment.

22. That, indirectly there are to be found in the illimitable transfer of trades and industries to the collective control of municipalities such problems as (a) the decay of our national industries; (b) the difficulty of maintaining foreign trade and commerce when home industries and enterprises are renewed from the hands of the private trader and controlled by local governing bodies having no concern for any interest outside their own boundaries; (c) the transfer of capital from British to foreign investments; (d) the discouragement if not the disappearance of private wealth which has done so much in the past to promote the expansion of Britain; and (e) the problem as to the position, economical and political which in these conditions we should eventually occupy among the nations of the world.

23. That many local governing bodies have in their employ large numbers of their electors who cannot only exercise an important influence at town's meetings at elections and on individual members, but form trades unions among themselves, are in association with the general trade union movement and do all they can to advance trade union interests.

24. That the efficiency of local governing bodies, instead of being increased in proportion to the magnitude of the duties undertaken, shows too often a distinct falling off so that if it be regarded as right and proper in principle that such bodies should take over commercial enterprise, it is still to be shown that their members are personally equal to the task.

25. That the increased enterprise and the decreased efficiency tend jointly to develop an all-powerful bureaucracy.

26. That in regard to the housing question local authorities would act far more wisely instead of entering on schemes of speculative house building on their own account, they devoted their attention rather to the enforcement of the sanitary laws and encouraged in every possible way the increased supply of housing accommodation through private effort, more especially by granting sites on more favorable terms, and by modifying their by-laws and general requirements wherever this can be done without prejudice to the public welfare, themselves providing houses, as a last resort, only for the very poor, or for those people with large families whose difficulty in securing accommodation in existing tenements too often constitutes the crux of the whole housing problem.

The Times correspondent also says that much better methods of bookkeeping and a very strict governmental audit are necessary.

AN AMERICAN CONSUL ON MUNICIPAL SOCIALISM IN GREAT BRITAIN.

Mr. James Boyle, U. S. Consul at Liverpool, contributes to Cassier's Magazine for October, 1902, an informing article, in which he says:—

Cassier's Magazine, Vol. 22, p. 681.

In 1875 the capital invested in municipal undertakings in Great Britain was £93,000,000, while in 1900 there was invested £300,000,000.

There are now in Great Britain 931 municipalities owning waterworks; 99 owning the tramways; 240 owning the gas works; and 181 supplying electricity. Most of these are in England. Municipalities were not allowed to work the tramways until 1896. It is estimated that half of the gas users in England use municipal gas. In a number of places—Liverpool among them—the municipalities supply electricity for lighting and power, while the gas supply is still in the hands of private corporations. In the case of Liverpool the gas company is quite

willing to sell to the municipality, but the latter will not buy; first, because under the charter of the gas company the municipality would be compelled to pay a perpetual dividend of 10 per cent. to the shareholders, and, secondly, because it is believed that in the near future electricity will practically supersede gas as an illuminant.

The municipalities of Leamington and Harrogate own Turkish baths, two of the best at present existing in Great Britain, and Harrogate also gives fireworks displays at municipal cost. Glasgow, like Liverpool, owns its waterworks and trams, and provides municipal lectures. Glasgow has quite recently reduced the fares on the tram-cars, so that there are now not only half-penny fares, but a distance of two and one-half miles can be travelled for one penny. Universal penny fares will probably shortly be introduced in Liverpool. The "transfer" system, as prevailing in America, is not used in Liverpool, nor in any other British municipality, so far as we know. Glasgow was the first city to establish a "municipal palace." Manchester owns shares in its ship canal. Out of its municipal tramway profits Sheffield has appropriated £15,000 for the erection of shops and business premises, which it will rent. Quite recently the northern townships outside of London bought the well-known Alexandra Palace, where the municipal authorities maintain an auditorium and give organ recitals and theatrical, military band and variety entertainments of all sorts, and industrial exhibitions. Torquay owns a rabbit warren; Colchester possesses an oyster fishery; St. Helens, a chemical centre, supplies sterilized milk; Hull owns a crematorium; Doncaster and Chester own race courses (the former actually managing the races); Bournemouth owns one of the finest golf courses in Great Britain; West Ham, a borough of London, owns a stone-flag factory; and Bradford owns a hotel—as also does Liverpool (on its waterworks property in Wales).

Bristol has municipalized its docks and harbor, at a cost of between £2,000,000 and £3,000,000. The docks of Liverpool are municipalized in a modified way. The system is peculiar to Liverpool. This vast estate is administered by a public trust, nearly all the members of which are elected by those who pay dock dues, and the profits, after deducting expenses and payment of interest on capital amount, go to improvement and not to the benefit of a private corporation. The probability is that the London docks will before many years be managed under either the Bristol or the Liverpool plan. Nottingham, in addition to owning parks, markets, artisan dwellings, baths, and a hospital, has bought a castle and a forest, and has a natural history museum and a school of art, and was the first municipality in Great Britain to have a University college. The last item gives occasion for the statement that several English cities have within the last year or so taken up the question of local universities. Birmingham has established one, and Liverpool will shortly follow suit.

Liverpool is one of the foremost cities in Municipal Socialism. It owns the waterworks, one of the best systems in the world; it operates the tram-cars; it supplies the electric light and power; it has one of the largest and best public bath systems anywhere, and proposes to erect the finest Turkish bath in Europe; it provides public laundries for the poor districts; it furnishes flowers and plants for the windows in the slums; it sells sterilized, humanized milk for the children of the poor at cost price; it has a salaried organist to play its famous municipal organ; it gives municipal lectures—and all these in addition to the usual undertakings of municipalities, such as parks, with concerts, technical schools, etc. But the greatest socialistic undertaking by the Liverpool municipality is that of providing dwellings for the very poor, the dispossessed tenants of demolished insanitary dwellings of the slums.

There follows a good deal of information about the housing problem of no present use to us; and an explanation of the differences between British and American tramways. After which Mr. Boyle says:—

ssier's agazine, ol. 22, . 686.

The advocates of municipal socialism in Great Britain have been gradually increasing their demands, and now a point has been reached where even many supporters of that system feel called upon to cry a halt. Within the last year or two an active opposition has grown up in Parliament to Municipal Trading. There are two schools of ought among Municipal Socialists. In the first school are those who not only advote the municipalization—and in certain cases the nationalization—of such enterprises as ater works, street railways, electric lighting and power supply and railways, but who vor the public control of all departments of human production and energy—not sudnly, but by degrees—and the abolition in time of the private manufacturer, trader or adesman. These form the extreme school of national and municipal Socialists. Their mber is probably increasing, but without a doubt their opponents are in an overhelming majority even among those who favor the present stage of municipal ocialism.

Speaking generally the enterprises of municipal Socialism in Great Britain have ·en within well defined lines. In a recent article in a London periodical, The Queen, on. Lionel Holland says:

"Those finally who contend that municipal trading trenches upon the proper phere of individual enterprise betray a singular want of the faculty of discrimination. here is a class of undertakings which inevitably tend to become monopolies, when he public loses the advantages of competition—the great merit of private enterprise —which concern the satisfaction of wants common to the community when by resigning heir supply to private speculators the community is deprived of effective control over natters vital to the convenience; whose functions are of a semi-public nature and reuire the sanction of a law to be put into operation. Such undertakings are clearly ifferentiated from the ordinary operations of private traders; they can only with jusce and advantage to the community be vested in a representative body to be conucted for the profit and convenience of the public."

The above may be accepted as an accurate definition of the limitations laid upon ost of the experiments in municipal Socialism so far undertaken in Great Britain, though there are plenty of examples indicating the all embracing programme of the dvanced municipal Socialists.

It has got to be quite the fashion in Great Britain to laud the municipality as beg of far more vital concern to the people than Parliament. The claim is made that ·cal government in Great Britain is as nearly ideal as it can be. Mr. George Haw, ı a recent work, "Municipal Government, the Scope of Democracy," says:

"Neither America, nor France, under republics, excels our municipal code. We ave the largest franchise and the widest powers. Americans themselves admit that ur municipal institutions are fifty years in advance of theirs."

A number of changes in the municipal code of this country are being suggested, but appears that most of the apostles of municipal Socialism concede that the present ode is amply sufficient for the widest development of their views. Mr. Haw, in his vork just quoted, says that "the fault with us is that we have not learned to make ull and good use of what we have won." Speaking of the democracy of Great 3ritain he adds: "It has now no need as of old to look to Parliament for reforms, but :o look to itself." Municipalities are held by an ever-increasing number of people in this country to be the legitimate and most practical medium for the development of the principles of Socialism and voluntary organizations for this purpose are being discarded, the existence of statute law being deemed necessary, both to do and to restrain to insure success.

The claim is made that the best-governed towns in Great Britain and the towns that have the least taxes are those where municipal Socialism prevails. But this claim is strongly controverted, especially as to ultimate results and the opponents of municipal Socialism charge against that system a tendency to extravagance, jobbery, official indifference and lethargy, and the broader charge is made that the system contracts and paralyses individual effort and enterprise. Yet it should be kept in mind in connection with this criticism that municipal Socialism has in some cases been embarked upon almost out of necessity—as, for instance, in the case of the housing of the poor in Liverpool, where private enterprise has not only failed absolutely to solve the problem, but has not even alleviated its most crying evils.

Two observations are appropriate to be made in conclusion: Speaking generally, municipal government in Great Britain is honest, intelligent and energetic; and, as a rule, politics has but little to do with the engagement or retention of civic employees.

LORD AVEBURY ON MUNICIPAL TRADING.

In the Contemporary Review for July, 1900, Vol. 78, p. 28, is an article by Lord Avebury (formerly Sir John Lubbock, banker and author of several famous literary and scientific works). The article embodies in very concise and vigorous form the whole case against Municipal Trading, and is here given in its entirety:

Contemporary Review, 1900, Vol. 78, p. 28.

The subject of Municipal Trading is certainly one of great, growing, and, what is known in the House of Commons as "urgent" public importance. The Government have shown their sense of the gravity of the problem by appointing a Committee of both Houses to enquire into the whole question. The old school of Radicals, Mill and Fawcett, Cobden and Bright, were all strongly opposed to any form of trading by Governments and municipalities. Now, however, the new school of "Progressives" take exactly the opposite view. They seem to consider that we might place over any municipal buildings the motto which Huc saw over a Chinese shop, "All sorts of business transacted here with unfailing success." The following are among the businesses which it is now suggested that municipalities should undertake: Banking, pawn-broking, coal supply, telephones, tailoring, manufacture of electrical fittings, of the residual products of gas, supply of apparatus for games, Turkish baths, cold air stores, refrigerators, estate agency, printing, constructing lifts, saddlery, milk, bread, etc.

Such proposals seem open to many objections. Amongst others are:—

1. The enormous increase of debt which such a policy will involve;
2. The check to industrial progress;
3. The demand on the time of municipal councillors which will:
   (1) Preclude the devotion of sufficient consideration to real municipal problems;
   (2) Prevent men who have any business or profession of their own from entering municipal life;
4. The undesirability of involving governments and municipalities more than can be helped in labor questions;
5. The fact that the interference with natural laws in some important cases has the effect of defeating the very object aimed at;
6. The risk, not to say certainty, of loss.

I.—THE INCREASE OF LOCAL DEBT.

It is impossible to view without alarm the enormous development of national and municipal debts all over the world. Our own national debt has indeed been happily diminished, but, on the other hand, our municipal debts have increased more than our na-

debt has decreased. This growth is still more alarming in the face of the foi-
figures. The reports of the Board of Trade show that during the last few
the amounts proposed to be raised by municipalities for railways, gas, etc., were
ows :—

....	£1,650,000	1897	£ 5,942,000
....	1,376,000	1898.....	6,774,000
....	3,067,000	1899	39,000,000

e indebtedness of our local bodies now exceeds £250,000,000, and will in any case
e, but if the present tendency to embark in industrial enterprises is not checked
as the rapid increase in the figures shows, ere long reach many hundred mil-
terling.
the English water companies are all taken over, that will mean another £100,-
The gas companies would add another £50,000,000; dwellings for the poor,
),000; tramways, £30,000,000. In the United States already £50,000,000 has been
)n electrical power. Then there are electric lighting, telephones, etc., etc. Add
capital required for manufacturing and it is evident how enormous our local
:dness will become if some check is not put to the present tendency !

II.—CHECK TO PRIVATE ENTERPRISE.

ieed hardly point out how serious will be the check to private enterprise. Who
k his money in competition with Town Councils, which have the bottomless purse
ratepayers to draw on, and have not to face any risk to themselves ? It is in-
)ften said that we may trust municipalities because the ratepayers will not be
:o throw away their own money. Unfortunately, however, the electors are by no
all ratepayers. In London, for instance, out of 600,000 electors, some 150,000
themselves pay rates, and the strength of the progressive party lies in
districts where there are most cases in which the landlords pay the rates, so that
ctors feel little interest in economy. This makes it the more necessary that Par-
: should exercise a wise supervision.
.m an old friend of Mr. Edison's, and was one of those who co-operated with him
oducing the electric light into this country. We had great difficulties to con-
/ith. For twelve years the patents were disputed in the law courts. We were
'ears without any return, and though the company is now flourishing, the dividend
6 per cent. My colleagues and I felt that we had special difficulties in those
/here the municipalities owned the gas works, and looked on us, therefore, as
At the present time there are more than two hundred provisional orders, which
een granted to municipal authorities for the supply of electric light, but under
nothing has been done.* It is difficult to doubt that this has been done to pro-
e gas works from competition. The local authorities have prevented others from
ng the light, and have not supplied it themselves. We have seen, moreover, both
d this session, the municipal authori ties objecting to bills for providing cheap
al power to our manufacturers.
e supporters of municipal trading speak contemptuously of "private speculators."
mind there is a wide distinction between legitimate enterprise and anything
can correctly be called "speculation." But if speculation is the right word, then
it that speculative investments ought not to fall within the limits of municipal dut-
to be made with ratepayers' moneys. But even if not exactly speculative, the
)ment of new industries and the purchase of patents is attended with many
Trustees are very properly precluded from any such investments, and though

*Courtney Boyle's evidence before the Joint Committee of both Houses, May 22, 1900.

not, perhaps, technically, local authorities are essentially trustees for the ratepayers, and ought not to embark on enterprises which necessarily involve considerable risk of loss.

III.—THE TIME OF MUNICIPAL COUNCILLORS.

My next contention is that it is undesirable to make greater calls on the time of Municipal Councillors.

Take for instance, the London County Council. Any Councillor who takes his average share of committee work must even now devote at least three days to the work of the council. But if the water supply, lighting, supply of electrical power, management of all tramways, the supply of omnibuses, etc., etc., are to be undertaken by the Council, the members must be prepared to devote the whole of their time to the business of the Council, and even this will not be sufficient. Many important questions have to be determined, which times does not allow them adequately to consider. It will be a bad day for the country when professional men and men of business find it impossible to undertake municipal work. Municipalities have in their proper functions immense responsibilities and problems to solve which are enough to tax all their energies. Lord Rosebery long ago wisely advised his colleagues "not to break the back of the Council."

IV.—THE UNDESIRABILITY OF INCREASING THE NUMBER OF MUNICIPAL EMPLOYEES.

It will, I think be generally admitted that it is undesirable to increase the number of municipal employees, or to involve our municipalities in labor disputes. Already the staff of the London County Council forms a little army, and exercises a distinct influence in some municipal elections. Still, at present the Council employs the staff, but, if the present tendency continues, the time will not be far distant when the staff will employ the Council. There is, moreover, some risk of jobbery and corruption, and we have in New York an example by which we should do well to take warning while we may.

V.—ULTIMATE EFFECT OF MUNICIPAL TRADING.

Again I submit that the action taken by municipalities not infrequently tends to defeat the very object they had in view. Take, for instance, the housing of the poor. It is a subject we all have at heart. Any error, therefore, which would lead to the opposite result is the more to be regretted. It is generally agreed that in many, perhaps most of our cities, there are slum districts with houses unfit for human habitation. Now, there are two ways of dealing with this state of things. The municipalities have power under the existing law to compel the owners of such property to put it into a proper condition, and this power might be exercised; or, secondly, they might buy the property and build workingmen's dwellings themselves. The first seems to me the true policy; but the second is that adopted by various municipal authorities.

Miss Octavia Hill, however, who speaks with so much authority on the subject, has told us that, in her opinion, it is very undesirable that municipalities should undertake the housing of the poor. She says:—

(1) The work will be done expensively.

(2) The London County Council, which ought to be the supervising authority, will itself be pecuniarily interested in the houses to be supervised.

(3) The electorate will be in large measure composed of tenants of the body to be elected.

I doubt if the duties of a landlord or of a governing body can be fulfilled well under these circumstances.

Lord Rosebery recently went to Shoreditch to open some workmen's dwellings erected by the Vestry, and made, as he always does on such occasions, a charming and interesting speech. He highly commended the Vestry, but his speech, if carefully read, was a crushing indictment of their policy. "You have," Lord Rosebery said, "accommodated 300 families, dispossessing, perhaps many more than that." The actual number of persons, it appears, who were displaced were 533, and those who were provided for were 472. This seems a curious way of "housing the poor;" dishousing would seem a more appropriate expression. It is evident that the more poor are housed, under this system, the more would be houseless.

But did the 472 who were housed belong to the same class as those who were displaced? Not at all. Lord Rosebery went on to say: "You build admirable buildings, but the inhabitants of these new dwellings are not the people you dispossessed. These buildings are so superior that in some cases they are occupied by a class for whom they were not intended." That was to say, under this curious plan of housing the poor, they turned out 533 poor people and housed 472 people, many of whom were richer and better off. That can hardly be called "housing" the poor.

But this is not all. Lord Rosebery went on to say that there would have been in those buildings none at all of the class for whom they were intended, "if the Vestry had not exercised a wise discrimination in refusing tenants who offered much more than the rents which you are prepared to accept." That is to say, the Vestry had spent thousands of pounds of the ratepayers' money in building houses, and then has exercised a wise discrimination in letting them below their value." Surely such a system offers a wide vista of jobbery and corruption.

But even that is not all. When the London County Council proposed to adopt a similar policy, I wrote to the great companies which had housed thousands of the working classes, and asked them what would be the effect upon their operations. They said that they should erect no more dwellings. As the municipalities were doing it, they should stop. My belief is that if the London County Council and the Vestries had not put up any buildings at all, there would be at the present moment just as many workmen's dwellings as is actually the case.

On the other hand, if what has been done by the Vestries is right, it is a mere tinkering with a vast subject. London has a population of 5,000,000, of whom a large proportion are very poor, and to house a few thousands of them is really nothing. If it is to be done, it should be done thoroughly and as it cost £300,000 to house 500, it is easy to see what a gigantic sum would be required to carry out such a policy. The system seems to be one that would be fraught with disastrous results. Lord Rosebery went to bless, but the effect of what he said is to condemn the policy, of the Shoreditch Vestry.

That policy, however, ought not to masquerade under a false name. It would be less tempting if it were called what it is, a policy, not to house, but to dishouse, the poor. Perhaps then, it would not be quite so attractive. The facts at least, I think, show that the subject requires very careful consideration, and that with the best intentions the Vestries and municipalities may defeat the very object they have in view.

VI.—THE RISK OF LOSS.

I firmly believe that municipalities will lose money, though this is, to my mind, a consideration of less importance than those to which I have already referred. Every business man knows that the difference between profit and loss depends on a careful attention to details. It might, indeed, be supposed that where there is a monopoly some profit might safely be reckoned on. This, however, does not follow. We have some object lessons before us.

The telegraphs are often referred to as being a brilliant financial success. But what are the facts? We have lost altogether over £7,000,000, and the yearly deficit is increasing. Three years ago it was £340,000; two years ago, £440,000; last year no less than £600,000.

It is only fair to admit that this loss is partly due to the lowering of the tariff; though if the telegraphs had not been purchased we might probably have had the lower tariff without the loss.

In the next case I will mention no such excuse can be alleged. In Victoria the railways have been for some time worked by the State, and the result has been a loss of no less than £7,750,000. Nor is this the the only case. South Australia has also lost £2,000,000. This is not due to the fares being low, but to a great extent to the fact that the staff is so large, and, according to The Times correspondent, to the fact that 'political influence is noticeable throughout.' Under these circumstances, the Government appointed a board of inquiry, containing a special expert from another colony, and the board reported in favor of various economies which are mentioned in an admirable article in the Economist. But the writer says :—

It is already clear that these proposals will meet with the strenuous opposition of the employees, who, unlike the department itself, which is described as "disorganized, if not demoralized," are closely organized. The board report in connection with this matter that there are seven associations established amongst the employees, the avowed object of the members of all being to protect their rights and privileges.

Against the dead weight of the associations, including in their ranks the very man who ought to give effect to the railway policy of the country, but who take sides against every attempt to reform, which may mean the curtailment of fancied rights and privileges, the Government will contend in vain, unless it has the courage to risk a general strike.

The Secretary of the association (an engine driver) in the course of a long speech, denounced the report of the board in unmeasured terms, calling its statement "lies," that a principal and valuable witness was a "cast-off expert in another colony," that the board had proved "an abortion and a sham," and so on. All this stuff was punctuated by "loud and prolonged cheering," etc.

Last April there was a very interesting paper read at the Society of Arts by Mr. Bell of the Railway Department of the Government of India. He stated that he was at first very much in favor of the management of railways by the Government; but the result of his experience was to convince him that "the only means of introducing a new and vigorous life into Indian railways is by inducing a free and unrestricted flow of private capital to India, and that this implies the gradual, but eventually complete abandonment of State administration."

He continues: "I have laid stress on what I should call the pernicious element in the present policy of the Government, i.e., the retention of the idea that the State must continue to exercise direct action in both the construction and working of railways. I have implied that this cannot co-exist with really vigorous life in private enterprise, and that it is the latter to which we should look as the ultimate and sole agency for such operations."

Sir Julian Danvers, who has been connected with Indian railways from their infancy, and speaks with perhaps unrivalled experience, in the course of the discussion expressed his opinion "that the agency of companies was upon the whole the most satisfactory mode of carrying out railway enterprise. That seemed to be now the opinion of the Government. Railways, being commercial concerns, were better in the hands of those who could manage them on commercial principles. If the choice was between a State and a company, the latter was, on the whole, most desirable." The policy

of the Indian Government has diverted English capital from the construction of Indian railways. Investors not unnaturally say that if a railway would pay it would be made Government, and English capital therefore flows to Argentina and elsewhere. This is surely an unfortunate result.

The municipalities, in their return to Parliament, show on paper a profit of about ½ per cent., but I confess I doubt whether a sufficient allowance has been made for depreciation, rent, light, proportion of salaries of the general staff, law, etc., etc. Lord Llandaff's commission on the London water supply tells us that of the Boroughs who supply their own water, there was a profit of £141,000 in 28, and a loss of £237,000 in 19. I may also quote the high authority of the Master of the Rolls (Sir R. Webster), who, speaking at the Society of Arts in February, 1899, said :—

"As to the profit made out of undertakings such as gas or tramways, worked by corporations, his belief was that if the matter was thrashed out it would be found that the burden on the ordinary ratepayer was less where no such risks were undertaken. . . Not only was the power of a corporation to earn money as traders quite a modern development, but in the beginning of the reign it was contrary to law. He remembered arguing a case many years ago with regard to the duties and powers of a corporation which was contemplating supplying gas to outside authorities, and Lord Chief Justice Cockburn laid it down as an axiom that, except for statutory authority, a corporation had no powers to make profits. That was not a mere accident, owing to the want of development of modern enterprise, but was due to a sound system of political economy, that it was almost impossible to put the burden of a trading undertaking on the right shoulders. and so to regulate the charge that you did not put a burden on those who derived no benefit. He did not believe any corporation could so adjust its affairs that the burden should be borne only by those who used the undertaking, especially when, as in most cases, a sinking fund had to be provided for.

"A great deal of cant had been talked about monopolies, and after all there was no greater monopoly than to give a corporation the sole right of supplying electricity."

The strongest cases in favor of municipal undertakings are no doubt tramways, lighting, and water supply.

As regards tramways, there are two questions. There seems something to be said in favor of the tramways being owned by, but much against their being worked by, municipalities. The working of a tramway raises many questions about salaries, hours, fares, and wages. The selection and management of horses, or the choice and purchase of electrical apparatus, make all the difference between profit and loss. The wise determination of these questions and conduct of innumerable business details must require special knowledge and much expenditure of time and thought. I confess I gravely doubt whether it is wise for municipalities to undertake such business. There is, again, the further question whether they should be allowed to do so beyond their own boundaries. The London County Council has also commenced to run omnibuses.

The question of lighting stands somewhat on the same footing as that of tramways. It is remarkable that for 2,000 years little progress was made in the art of lighting. Our grandfathers had hardly better candles than the Romans. Until the close of last century, for instance, our lighthouses contained mere fires of wood or coal, though the construction had vastly improved. The Eddystone lighthouse, for example, was built by Smeaton in 1759, but for forty years its light consisted of a row of tallow candles stuck in a hoop. The Argand lamp was the first great improvement, followed by gas, and in 1853 by electric light. The progress of electric lighting has been and is seriously retarded by the fact that so many municipalities are interested in gas

We may reasonably expect other improvements, which will have to compete with present systems, and the more municipalities are interested in present modes of lighting, the more difficult will it be to introduce improvements. Nor can it be alleged that consumers derive any benefit from corporations working gas works. Sir Courtenay Boyle, in his evidence before the Joint Committee of both houses (May 22, 1900) said that "the returns do not suggest that there is any great balance of advantage to the consumer as regards the price charged, in being supplied by a local authority instead of by a company."

Lastly I come to the question of water supply. Here I submit that each case must be examined on its own merits.

The object, of course, is to have a supply as cheap and pure as possible. As regards London, the County Council are anxious to buy up the companies. Lord Llandaff's Commission, however, has recently reported against this proposal, and in favor of the constitution of a water board. The commissioners tell us, however, that the counties interested, viz., Kent, Surrey, Middlesex and Hertfordshire, are all opposed to purchase; and no wonder, for the commissioners themselves admit that while at present "the average London charge is below the average provincial charge for houses between £8 and £100 rateable value," purchase, in their opinion, if Parliament insists on the usual conditions, "will be accompanied by a deficit in the income which can only be met by increasing the water rates or coming upon the rate payers"; and though if all goes well they express a pious hope that there may be some profit 80 or 100 years hence, that is small consolation to Londoners, whose rates are so rapidly and continuously increasing.

The more prudent ratepayers naturally object, however, to run this unnecessary risk. We agree with the commissioners that the water would not be any cheaper. Nor do we believe that we should have the same security that it would be pure. The purity of our water supply depends on efficient filtering. At present our water companies are on their good behavior. They know that they are keenly, I do not say too keenly, watched by the London County Council, but if the supply is taken over by the County Council, who will watch them? Quis custodiet ipsos custodes?

At present if a bill proposing the purchase of a water, lighting, or gas company is presented to Parliament, the company is entitled to be heard as to the terms of purchase, but ratepayers who think the proposal unwise, have no locus standi, and consequently, no opportunity to place their views before Parliament. I venture to suggest :—

1. That no extension of municipal trading for purposes not yet sanctioned should be permitted, except after full notice, and special Parliamentary inquiry.

2. That as regards water, lighting, tramways and telephones, fresh undertakings by municipalities should only be sanctioned if it can be shown that there are special reasons why they should be carried on by the municipality rather than by private enterprise.

3. That any ratepayers objecting should have a right to be heard and give their reasons for opposing the bill.

It must be admitted that the whole subject is one of immense importance. Municipal trading is the essence of socialism; Mr. Burns, for instance, is quite consistent. He knows what he is about; he supports every form of municipal trading as part of his campaign against what he has called and honestly believes to be, "the tyrannical influence of private property." He was asked during a recent discussion at the Society of Arts how far he would go, and whether it was his view that all private property, or what he called "the instruments of production," should be in the hands of the State or the municipalities? and he unhesitatingly said "Yes."

That is the clear issue which we have before us. Unless the present tendency is checked, we must be prepared for a great increase in our rates, and in the number of our municipal employees, for an enormous expansion of our local debt, for a serious check to private enterprise, and a discouragement to the progress of invention and discovery.

MUNICIPAL FINANCE AND MUNICIPAL ENTERPRISE.

In the Statistical Journal, for 1900, vol. 63. p. 383, appears the address of Sir H. H. Fowler, President of the Royal Statistical Society, on the above subject. He shows that local rates have increased from £5,348,000 in 1817 to £37,605,000 in 1898. Municipal debts in 1875 were £92,820,000, and in 1898, £262,017,000. Between 1875 and 1898, the National Debt had been reduced by £131,000,000; in the same period the municipal debt had been increased £170,000.000.

He analyzes the municipal debt as follows :—

£137,212,000 for purposes for which local authorities are bound to provide.
36,071,000 for educational and recreative purposes.
87,581,000 for trading and similar purposes.

Total £260,864,000

Sir H. H. Fowler then gives an abstract of the Parliamentary return relating to municipal reproductive undertakings, published in 1899. It is unnecessary to quote the figures here as there is a later return bringing the information down to 1902, the summary of which has already been given herein. The article, however, will well repay perusal by those who desire to know the opinion of a leading British municipalitarian, who is on the whole disposed to favor the extension of municipal effort to everything that can be advantageously conducted by the public. He says:

Statistical Journal, Vol. 63, p. 394.

The true friends of municipal life and institutions are those who desire to see that life developed and those institutions strengthened on the broad basis of public benefit and of public support. They will not be disposed to sacrifice the rare advantages of the devotion, wise supervision and experienced management and administration, which are the advantages of the voluntary public service of that large army of citizens who control our local administration, but they will recognize that there are limits to the extent and efficiency of that management—they will see that it must not conflict with the just interests of the ratepayers—the traders, and the public, and they will not weaken the strength and value of municipal administration by extending it beyond those limits.

JOINT SELECT COMMITTEE OF THE HOUSE OF LORDS AND COMMONS ON MUNICIPAL TRADING.

In the session of 1900 there was appointed by the British Parliament a Select Joint Committee of the Lords and Commons—five members from each House—to consider and report as to the principles which should govern powers given by bills and provincial orders to municipal and other local authorities, for industrial enterprise within or without the area of their jurisdiction. The committee took evidence, which is published in a return issued in July, 1900, and recommended that the committee be reappointed at the next session, but the general election intervened, and a number of the active spirits being defeated, action was not taken. During the session of 1903, however, the committee was reappointed, and a report (hereinafter referred to) was brought down, dealing with the question of Municipal Audit and Accounting.

The interim report printed in July, 1900, is a perfect storehouse of fact and opinion on the subject. A good article descriptive of the report appears in the Edinburgh Review of Oct., 1900, vol. 192, p. 405. From this the following extracts are made :—

MUNICIPAL TRADING, THE JOINT COMMITTEE'S REPORT CONSIDERED.

Edinburgh Review, Vol. 192, pp. 405-425.

The appointment of the committee was at one time opposed, and in many quarters has been condensed, as pointing to a disposition on the part of the Legislature to mistrust and check municipal enterprise. We do not think this view well founded. Neither House has shown, nor is there to be found in the evidence of the departmental officers examined before the committee, any desire to hinder the legitimate growth of the work of great local corporations. On the contrary, more than one opinion was expressed by witnesses, competent to form a judgment of the ability with which affairs properly entrusted to municipal Councils, are conducted. The appointment of the committee was more probably due to a feeling that Parliament required some guidance from within as regards a somewhat rapid extension of the matters with which corporations and some Councils seek to deal within their own area, and as regards the conditions under which these bodies should be allowed and encouraged to operate within their own area.

The truth is that Parliament and the country are proud of our system of local government, and have confidence in those who conduct it.

The raison d'etre of municipal authority is the need of good management of provincial areas in matters outside the province of the central government. Thus the administration of local justice, including police; the care of the public health of the district; the provision and management of thoroughfares, of buildings to be used for the public requirements of the inhabitants, of public educational establishments, and of markets and of public baths, where duties early entrusted to municipal Councils, as clearly essential to their exercise of powers of wise government. But even here there was no ousting of private schools, or private washhouses or baths. The value of individual enterprise was recognied and opportunities for its exercise safeguarded.

It may be said with a great degree of accuracy that the duty of municipal bodies was in their inception limited to the supply of essentials. But the difference between what is essential to the well-being of a citizen of so complicated a community as ours, and what is desirable only, is very difficult to define, and the difficulty has been proved by experience to be so great that vast extension of municipal enterprise has grown up in matters closely affecting, but not logically essential to, the welfare of the inhabitants. Thus water and light are clearly essentials, locomotion is not. As regards locomotion, therefore, Parliament for a long time was content to trust more to private enterprise than to the labors of corporations. Our great railways owe little to municipal aid ; our systems of omnibuses and of coaches even less. For many years after the inception of tramways the Legislature discouraged municipal ownership of tramways, and sternly opposed municipal working thereof. For long after the passing of the general statute of 1870 dealing with tramways, the only municipality having authority to own and work tramways in this district was Glasgow. But many circumstances lead to acquisition of tramway systems by municipalities, and once the principle of ownership was conceded, the right to work could not long be resisted. For unless municipal owners of tramways have power to work. it is obvious that they are more or less at the mercy of possible lessees. The corporation could not afford to let the tramways remain idle, and were, therefore. hampered in obtaining a fair price for the right to work. For some time an attempt was made at a compromise, and leave was given to municipalities to work their tramways provided that they proved to the satisfaction

of a State Department that they were unable to lease at a fair price. But the Parliamentary arrangement embodied in what was known as the Huddersfield clause, did not work very well, and for the last few years Parliament has abandoned its opposition to working and acquiesced to the gradual passing of the tramways into the hands of local authorities.

There is much advantage in this system for the control of tramways remains in the hands of the bodies seised with the management of the roads, and with the power of policing the traffic. Thus there is no conflict, and the comfort and convenience of the public, as well as their safety can be looked after by an authority and without friction. Of its disadvantages we shall say something when we come to deal with the operations of municipalities outside their own area. It suffices for the moment to point out that the principle of entrusting full control of tramways in their district to municipal bodies is now fully admitted by Parliament and is not likely to be altered. This is not the case as regards omnibuses and hackney carriages. Local authorities have not hitherto been allowed to establish these, and though logically any such difference between a system of tramways and a system of omnibuses* as would justify the municipal acquisition of the one without justifying the municipal acquisition of the other is not easy to lay down, public opinion supports the distinction, and the private ownership of omnibuses and hackney carriages is not seriously assailed.

We have said that light is an essential. Because it is so, public lighting has been with very few exceptions invariably entrusted to local authorities. But the right of individuals to undertake private lighting has been as fully recognized. In the Metropolis the whole of the gas supply is in the hands of private companies, the public authorities contracting with them for what is necessary. In the provinces there are 222 systems of municipal supply and 439 systems of private supply.

Before passing from this portion of the subject we may point out that there are two broad lines of policy on which municipalities may act in regard to this portion of their work. They may conduct the management of water, gas and tramways with a view solely to cheapness, or they may conduct it with a view to profit. The town clerk of Birmingham, an officer of great ability and experience, told Lord Crewe's committee that in Birmingham the policy, as initiated by Mr. Chamberlain, and continued from the date of his mayoralty, was to make no profit out of water, but to make profit out of gas, on the ground apparently that water was a necessity of life, and that a good supply was essential to the sanitary welfare of the inhabitants. The corporation has continued to make profit out of gas, even though the price was reduced by a shilling between 1875 and 1900. The temptation to make profit is, we suspect, too great to be resisted by local authorities generally, having regard to the very natural desire felt by mayors and town councils for either improvement of their borough, or diminution of the calls upon its inhabitants.

On this point the evidence of the Lord Provost of Glasgow is important. He expressed the opinion that the application of profits to the relief of the general rate would be dangerous. The temptation to starve an enterprise in order to set aside a sum for reduction of rate would act injuriously to the ratepayers. The merger of all the enterprises conducted by a corporation into one fund would not lead to efficiency of management; for there would be grave loss of stimulus if the manager of one enterprise understood that if he made a loss it would be recouped by a surplus from another. Lastly and not least, the reduction of rates is not clearly for the benefit of the whole body of ratepayers. If rates are reduced by municipal profits the landlords would simply increase the rental, and the benefit would go into one class of pocket, and not benefit

*Municipal omnibuses have been allowed in a few cases to work at the dead ends of tramways.

the public at all. These considerations lead the corporation of Glasgow to apply the profits of each undertaking to that undertaking. But the principle so followed is by no means of universal application, and many of the more important municipalities do apply profit to reduction of rates or the relief of other corporate expenditure.

The functions which we have referred to above as being those generally undertaken by municipalities may not unreasonably be defined as functions of service rather than of trade. The distinction, we admit, is a narrow one, but we find no better; and it was drawn by so high an authority as the Lord Provost of Glasgow. Before we pass to undertakings of a different class it is desirable for a moment to consider the attitude of corporations in regard to telephones. Telephonic communication is the monopoly of the Postmaster-General, and the possession of a license from him is a condition precedent to the establishment of a system by any other person. Acting as his licensees, the National Telephone Company have elaborated a supply which has fallen far short of satisfying the requirements of the public. By a consensus of opinion it is agreed that we are far behind, not only the United States, but many parts of the Continent, in the facilities afforded for telephonic communication. The enjoyment by the company of what has been practically a monopoly has resulted in a service which is costly and inadequate. Telephones, if not actually a necessity of business life, are essential to its proper conduct. When the State, acting by the Postmaster-General refused to undertake the expense of establishing telephones, it adopted the alternative, which has certainly not proved successful, of handing the duty over to a company having no control of the highways or streets, and dependent on private negotiation for wayleaves. We are not concerned to discuss the question whether the failure of the National Telephone Company is due to the inherent difficulties of their task, or to the imperfect exercise of their powers. That they have failed is generally admitted, but as yet no method more likely to be successful has been adopted.

The satisfaction which municipal authorities have felt at the performance of the duties which we have referred to above has led, as might naturally be expected, to a desire for further responsibilities. Attempts have, therefore, been from time to time made to obtain an extension of the scope of municipal undertakings in directions which are far more open to criticism than the provision of either water, locomotion or light, or the rendering of those services connected with local government which we have already mentioned. By an act of last year power was given to a Midland corporation to provide Turkish baths. In a bill of the recent session power was sought, among other things, to provide apparatus for games and athletics, to be used, presumably, but not necessarily, on recreation grounds established by the authority. In another, power was sought to provide refrigerators and cold ice stores for the preservation of marketable articles, and to sell ice. In another it was proposed to provide bathing tents. In another tailoring was contemplated, saddlery in another. In several power was asked for to construct and manage refreshment rooms in parks. By many corporations the power of manufacturing as well as supplying electrical fittings was demanded, and in three cases efforts were made to acquire the privilege of providing entertainments and charging for admission. These instances point to a very far-reaching attempt by municipalities to invade the province of individual enterprise, an attempt which needs very careful watching, and some authoritative pronouncement by Parliament of wider influence than the decision of particular committees.

That there ought to be a limit we are satisfied. The policy of piling more and more work on corporations and town councils cannot safely be extended indefinitely. Councillors cannot undertake the supply of an enormous variety of commodities, however desirable it may be that there should be such a supply, without doing two things—overtaxing their powers, and injuriously interfering with the action of private traders. Aldermen and town councillors are, after all, unpaid, and valuable as is the unpaid

labor of many functionaries of the United Kingdom, it is most unwise to lay upon unpaid labor too severe a burden. Not even a member of the London County Council—and the capacity for work of that body seems to be enormous, and to be maintained without any regard to the exhaustion of those who do it—can attend more than a certain number of committees, or efficiently take part in the direction of more than a certain number of divisions of work. Furthermore, it must be remembered that the majority of members of municipal councils are either men who have retired from business or who still are in business. The proportion of rich men wholly free from calls on their time, who devote themselves to local affairs, is small, especially in boroughs. It follows, therefore, that town councillors cannot give their whole time to municipal work, except in the case of men of comparatively advanced years, and even they are not likely to tolerate more than a certain inroad on their leisure.

There are two other considerations which were dwelt upon by Lord Alverstone, then Attorney-General, at the Society of Arts discussion. After pointing out that the power of municipal corporations to make profits was quite a modern development which even as recently as the beginning of the Queen's reign was contrary to law; he urged that it was almost impossible to put the burden of trading on the right shoulders and so to regulate the charge as to place no weight on those who derived no benefit. It is not possible for a corporation to make the cost of an undertaking and the charge for it exactly balance, or so to adjust its affairs that the burden or profit of the undertaking should only fall on, or accrue to, those who use it. This is especially the case where a sinking fund is provided, and where consequently the ratepayers of the present are charged for benefit of the ratepayers of the future. On the other hand, if no sinking fund is provided there is risk that the ratepayers of the present may derive an advantage for which the ratepayers of the future will have to pay. The second point is, that there is no inducement held out to corporations to renew plant till it is worn out, or to replace obsolete machinery by improved. The stimulus of enhanced profit being lacking, corporations are tempted to go on with existing methods and devices as long as they possibly can. With private enterprise the temptation is the other way. No proprietor of a big business can hope to be lastingly successful who does not take the earliest opportunity of introducing the latest improvements for reducing the cost of production, or increasing its efficiency. Manufacturers who are not perpetually on the search for new inventions and fresh devices soon find that their profits dwindle. Under the usual influence of competition they do not hesitate to incur expense in development, which corporations too often indefinitely postpone.

We believe, then, that it behooves Parliament to impose some carefully framed limit on the trading efforts of municipalities within the areas administered by them.

The task of Parliament is probably made easier by the fact that our municipal administration is far more free than that of many other countries from corruption and jobbery. No mayor or alderman would in this country, as in America, receive many thousands a year from an assurance company in which all the city officials find it convenient to make out their guarantee bonds at double rates, or draw large dividends from partnership in a firm of auctioneers and valuers doing municipal business. Nor could the head of a watering department receive money from contractors for permission to work below their contract. Such operations as have characterized the work of the "Rings" in New York and Philadelphia would be impossible in Great Britain. Nor could it be said of British administration what is said of American administration by Mr. John G. Agar in "Municipal Affairs," a New York quarterly, for March, 1900:

"Our municipalities are not organizations adapted to carry on any business properly. The powers which they possess are too narrowed by legislative limitations, or if perchance they be endowed with ample powers, the officials who possess them are, as a rule, disqualified by want of technical training or moral habit from exercising them

for the best benefit of the community. . . . The system of public ownership and operation in this country and at this time would certainly generate fraud in the procurement of labor and materials; would bring to the front ignorance, negligence and corruption in management; would give undue scope to party politics, more frequent opportunity for change of employees for corrupt purposes, and less opportunity to secure efficient service at reasonable rates; all to the end that the spoils system would be vastly strengthened and the people longer kept apart from their own."

It is due to this cause that municipal enterprise with us is far ahead of municipal enterprise in the States, and that any tendency to go further has to be dealt with, not with regard to any corruption and rottenness in itself, but with regard to the true exercise of its influence on the interests of the public at large.

We have hitherto dealt with the work of municipal corporations within their own area. As yet the efforts of municipalities to obtain powers beyond local boundaries has not gone much beyond water, light and locomotion. But the tendency to widen the spheres within which municipal supply of water, light and locomotion is undertaken has of recent years grown very rapidly, and complications have shown themselves which call for parliamentary settlement, under peril of their becoming sources of inefficiency and friction.

It is difficult to lay down any rule which would prohibit any large municipality having established a well-considered and comprehensive system of water supply from sharing the benefits of that supply with their neighbors. In Glasgow there is an excellent provision of water; the corporation supply a large area outside the city. They supply it, indeed, at a price about 33 per cent. higher than that which they charge to their own citizens, and thereby place the ratepayers of Glasgow in the position of traders making profit out of the ratepayers of neighboring districts. But it is probably true that the neighboring districts benefit by the arrangement. They could not easily find the capital necessary for a sufficient supply, and if they did they could scarcely confine that supply exactly for their own needs. It is probably cheaper for them to purchase from Glasgow than either to establish a system or organize a company with widespread responsibilities and powers. When this, however, is granted, the problem is not entirely solved. If municipalities may go outside their area, how far may they go? If they may make a profit out of their neighbors, is any limitation to be placed on its extent? Glasgow may be content with supplying a limited area, and with charging outsiders 10d. in the pound on their rental as compared with 7½d. charged to citizens. Other municipalities may desire to extend their area and increase their profits. We are no enemies of the London County Council, and have no desire to condemn the energy of that very zealous and self-confident body; but we shrewdly suspect that, if the water supply of their own county were in their hands, they would rapidly develop a desire to include Essex, Hertfordshire, Middlesex and Surrey within their sphere of usefulness.

As with water, so also with tramways, Parliament has found it impossible to confine municipalities absolutely to their own area. The work of tramway companies had clearly no such limitation, and when the legislature authorized the transfer of tramways, as regards working as well as regards ownership, to local authorities, it found itself face to face with the difficulty that exceptions to any such limitations were necessary. A populous or popular place might, for instance, be a few hundred yards outside a local boundary. It is obviously essential to good working of the tramway, and to the convenience of those who use it, that such a place should be connected with the town system. And it would be absurd to lay down the rule that a town might own and work all but a few hundred yards of its system, and that those should be administered by some other body. Or, again, a link might be necessary to connect, say, Leeds and Bradford, and it would be difficult to defend the proposition that Bradford and Leeds might

each own and work its own system, but that the connection between the two must be worked by neither.

But the door once opened, the opening has become wider and wider. Glasgow is already working thirteen miles outside the city boundary, and expects soon to be working thirty-four. Huddersfield obtained powers this year to establish spurs of its own system, extending in many directions into many areas. And unless some proper check can be established, we may expect ere long to see a large number of town councils in the position of a board of directors owning and controlling a network of tramways over a wide district, and comparable in difficulty and importance with many minor systems of railways.

Somewhat similar is the position as regards electric lighting. Hertford, Taunton, Bangor, Bolton and Birkenhead have powers of electric supply extending beyond their own cities. Manchester is empowered by statute to acquire concessions granted to local authorities adjacent to her boundaries, and has already dealt with five such authorities. Similar permission has been given by Parliament to St. Helens, Blackpool, Bootle and Stockport. As yet, while the use of electricity is more or less confined to lighting, the areas of supply contemplated and applied for are not of unwieldy extent. But the promoters of the Electric Storage Bills of last session demonstrated clearly the advantages of wholesale dealing in electricity when that energy is used for power as well as light; and the ramifications of municipal enterprise are certain to increase with the growth of the uses to which electricity may be put.

Parliament, therefore, has to deal with a confirmed and rapidly developing tendency of municipalities to extend their operations further and further afield. It is a tendency that appears to be open to many serious dangers.

We have already referred to the limitations suggested by the Lord Provost of Glasgow. Sir Henry Fowler, a friend of municipal administration if ever there was one, pursuing a similar line of thought, has suggested a slightly different definition of the sphere within which corporate enterprise might be confined. He would limit it to such undertakings as are clearly for the common good and the general use of the whole community, and which it is for the public advantage to place under public control. But he at once recognized a qualification of this definition when he went on to point out that general user cannot of itself decide the question, otherwise would municipal manufacture of tobacco and beer become desirable, with this result: that if the price of these articles as municipally supplied were higher than the actual cost, the consumers thereof would be rated for the relief of those who do not smoke or drink beer; if lower those who neither smoke nor drink would be taxed to supply those who do.

Again, where a municipality trades in competitive articles it taxes the whole community, including the private trader who finds himself compelled to contribute to a fund designed to destroy his profits and ruin his trade. The taxation of the whole body of customers for the benefit of a limited number of producers is a policy opposed not only to the essential principles of free trade, but to a view of economy which is taken by a largely preponderating majority of Englishmen who have at all considered the question. Mr. Burns, indeed, and the extreme Socialists who hold that all private property and all instruments of production should be in the hands of the State, may think otherwise. But the sound principle is that which will probably recommend itself not only to the legislature, but to the general opinion of the country.

There is still one more point of view from which a policy of extended municipal enterprise may be regarded. We have hitherto dealt chiefly with the economical side of the question. Sight must not be lost of the political or social side. Were corporations allowed to become traders on a widely extended scale, huge and ever-increasing numbers of the lower and middle classes would become salaried officials of the local bodies

in whose election, as things are at present, they would have a considerable share. This would be desirable neither in their own interests nor in those of the general body of ratepayers.

Nor is it lor the advantage of the community that there should be an army oi salaried officials of municipalities living in their midst. In this country we might, perhaps, expect to avoid the corruption, the financial tyranny, and the dishonesty which, on the other side of the Atlantic, have tended to enrich a few privileged and unscrupulous individuals, at the expense of the public. We could scarcely hope to escape the evils inseparable from "dressing" a huge number of persons in "a little brief authority" over the business relations and even the social life of their neighbors. On the Continent our friends, and still more their guests, have long groaned under the small despotisms exercised by municipalities and their officers. But their powers are wielded in matters of government, not in matters of trade. In the United Kingdom people would not stand being dragooned by regiments of uniformed officials when purchasing necessaries or moving from place to place. From any such rule competition frees them now.

PROF. ASHLEY ON THE REPORT OF THE BRITISH JOINT COMMITTEE ON INDUSTRIAL TRADING.

Quarterly Journal of Economics, Vol. 15, p. 460.

The main question before the committee was the limit to be placed on "municipal trading," but this involves a number of more or less distinct problems. It should be noted that some of the witnesses from the towns repudiate the use of the term "trading" in this connection, on the ground that, where public convenience is the chief consideration which induces a town council to undertake a particular work, the term "public service" is much more appropriate. And this suggests another matter which gave rise to much discussion,—the question of the allocation of profits. There were some witnesses, including even some representatives of the municipalities, who held that municipalities should not be allowed to make on any enterprise a profit to be devoted to the relief of general rates, but that any surplus should be used, first, for the formation of a reserve and depreciation fund, and, secondly, for the reduction of the price at which the commodity (gas, water, etc.) is supplied. They were able to point to a number of instances where this rule holds in various degrees; e.g.. Liverpool, by its Tramways Act, may not use any profit for the relief of general rates before 1912; and Scottish boroughs which take over the gas supply under a general act, passed some 25 years ago, are expressly forbidden to use their profits for any other purpose than the improvement of supply and the reduction of price. A modified form of this restriction is seen at Glasgow, where profits, like the surplus from all corporate property, go to the "Common Good" Fund, which is used for the maintenance of parks, museums, art galleries, and other institutions which, if the cost had to be met by a rate, might not be provided at all. On the other hand, there are a number of cases where the profits are directly applied to the reduction of general rates (Manchester used in this way £52,000 profit on its gas works last year); and there are cases where, as in the famous scheme inaugurated at Birmingham by Mr. Chamberlain in 1874, the supply of gas or other services has been undertaken avowedly to obtain funds to carry out sanitary and other improvements connected with this question, is another, namely, whether municipalities should or should not be allowed to trade outside their own boundaries. If they are so permitted, what are to be the relations between them and the local authorities within whose areas they trade? Of course, as a mere matter of convenience, small authorities are commonly ready to allow a large town round which they are grouped to

conduct enterprises—water, gas, tramways—from which they benefit. And in some cases a positive obligation is laid on the towns. Thus Manchester, which brings its water from the Lake District, is bound under certain circumstances to supply with water such local authorities along the line of the aqueduct as may require it. But in such cases the town is, in relation to the other districts, almost in the position of a private company. Joint control has not been found to work well in most cases; and it is certainly doubtful if a town should be allowed to make profit, and use it for general purposes, at the expense of its smaller neighbors. But if the smaller authorities bear no part of the original outlay, it is difficult to allot them any share of the profits. Apparently they must be content with additional convenience.

The chief charges brought against "municipal trading" fall into three groups. The first has reference to municipal expenditure, and the constant increase of debt. The outstanding debt of the local authorities of England and Wales was in 1898 £262,000,0000, as compared with £92,000,000 in 1875. Of this, however, more than half has been incurred for purposes for which local authorities are bound to provide, and scarcely any part of this could have been avoided. For municipal undertakings like those enumerated above, the corporate towns of England and Wales have incurred a debt of about £83,000,000. But of this, about £11,000,000 has been paid off; and it must be remembered that, heavy as the debt is, it has been incurred for reproductive undertakings; that, practically everywhere, the assets exceed the liabilities; and that the operation of the sinking funds is steadily reducing the debt. There seems then in this connection no serious grounds for alarm.

The second group of charges is concerned with management. There is, it is alleged, no guarantee that municipal monopolies will be any better than other monopolies; and they may easily be worse. For, in the first place, where a private company has rights in a town—rights as to opening streets or laying mains—it is usually controlled to some extent by the local authorities; but, if the authorities themselves do the work, there is no control. A monopolist company, again, is always faced by the possibility that, unless it does its work properly, it will not have its privileges renewed at the end of its term of years. A town council would be influenced by no such consideration. Then, it is argued, chiefly by the representatives of engineering firms, that municipalities are less enterprising than private companies which have to fight for their existence, and that this is one reason why England is so far behind America in the application of electricity to transit. Municipalities will not run risks. Private companies, with the prospect of compulsory sale on unsatisfactory terms before them, are not inclined to incur new and heavy expenditures. Finally, it is said, that town councils have quite enough to do as it is. Their members cannot be specialists, and are not competent, have not the leisure to direct great business enterprises; and the amount of time required for municipal work prevents many able citizens from seeking seats upon the councils.

In answer to all this, the towns can only fall back upon the argument from experience. The free play of competition has not benefited the consumers; companies have simply combined. No service could be much worse than that of the private monopolists' companies; e.g., the East London Water Company. The incentive to improvement in the case of a corporation supply, comes from the pressure which ratepayers can bring to bear, and the civic rivalry which exists between many towns, especially in the Midlands. It is true that electrical progress has been slow, but the municipalities have preferred to wait until the experimental stage was passed and definite data secured. A council's tramway committee, which is sure to contain a fair proportion of business men, is quite as able to conduct a business enterprise as an ordinary board of directors. Like such a board, it controls policy, but leaves details to its expert advisers. And no

large town has yet experienced and difficulty in finding numerous and able candidates for seats upon its council.

There are, finally, a number of miscellaneous arguments. There is the charge of unfair competition in subsidiary trades (e.g., the supply of gas stoves and fittings) by municipalities which do not seek primarily a profit, and so can undersell the ordinary manufacturer. Instances of this, however, are not very common. And a more serious arguments points to the possible creation of a large class of municipal employees, who may combine to dictate a labor policy. The number of employees is relatively to the total electorate quite small, but a possible danger certainly exists in some cases; and some witnesses, including one or two from the towns themselves, favor the disfranchisement of all municipal employees. But so drastic a measure seems out of the question. The real safeguard must be the growth of the municipal spirit.

Though the opponents of "municipal trading" offer these criticisms, and are agreed that the enterprises of the municipalities should be limited, there is little further agreement among them. There are some who are opposed to all municipal services of this kind (except water supply), preferring to leave them to private companies. Others insist only on the profit question already noticed. The opponents have a fairly strong case, so far as criticism is concerned, but, in the main, it is criticism on general principles. In the evidence hitherto given before the committee they have failed to prove that municipal supply is deficient in quality or quantity, or that it is excelled by private supply. In fact, the evidence is the other way. And the allegation that many enterprises are taken up by the towns at the instigation of the permanent officials, who desire more work, and, therefore, higher salaries, is, to say the least, unfortunate.

Taking the evidence as a whole, it is clear that the representatives of the towns were far abler witnesses and had much more definite views. The one principle which they advance is that of expediency—the necessity of "municipal housekeeping." Water is a natural monopoly. Gas, electric lighting, tramways, are monopolies, in the sense that there cannot be conveniently two or three systems in the same streets, and the streets should be controlled only by the local authority. Where monopolies exist at all, they should be in the hands of the community. Whatever theories may be advanced, it is perfectly clear that municipal supply equals, and in many cases surpasses, the service of private companies. Very few instances of municipal mismanagement can be produced, and the general standard of administration in the large towns is admittedly very high. The towns are then adverse to the establishment of any general principle or limit, save that of expediency, which may be decided according to the special circumstances of each case. They desire a freer hand, by the extension of the system of Provincial Orders, confirmed by a general act at the end of the session, in the place of the much more costly and cumbrous method of Private Acts; and they urge that special authorization from Parliament should be necessary only in new or abnormal cases.

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REAPPOINTMENT OF JOINT SELECT COMMITTEE AND THEIR REPORT. CENTRAL CONTROL OF AUDIT RECOMMENDED.

At the session of 1903 a Joint Select Committee practically in continuation of the committee which had expired was appointed. The report of the new committee was presented on July 23, 1903. It stated that the committee, in view of the shortness of the time at its command had decided to confine its investigations to one or two branches of the subject and had chosen municipal account and audit as being in most need of

tigation. The system of audit in English municipal corporations is condemned
ıe committee. The auditors consist of three persons, one appointed by the mayor
two elected by the ratepayers. No effective audit is thus supplied and there is
ıssarily no uniformity of system.

16. The committee accordingly recommend that:

mittee rt, 1903, VI.

(a) The existing systems of audit applicable to corporations, county councils and urban districts councils in England and Wales be abolished.

(b) Auditors being members of the Institute of Chartered Actants or of the Incorporated Society of Accountants and Auditors, should be aped by the three classes of local authorities just mentioned.

(c) In every case the appointment should be subject to the approval of the Local ernment Board, after hearing any objections made by the ratepayers, and the au, who should hold office for a term not exceeding five years, should be eligible eappointment and should not be dismissed by the local authority without the sanc of the board.

(d) In the event of any disagreement between the local authority and the auditor o renumeration, the Local Government Board should have power to determine the er.

(e) The Scotch practice of appointing auditors from a distance in preference to men to audit the accounts of small boroughs should in similar cases be adapted in and.

17. The committee are of opinion that it should be made clear by statute or regula that the duties of those entrusted with the audit of local accounts are not con to mere certification of figures. They therefore further recommend that:

(a) The auditor should have the right of access to all such papers, books, accounts, hers, sanctions for loans and so forth, as are necessary for his examination and cerıte.

(b) He should be entitled to require from the officers of the authority such infor on and explanation as may be necessary for the performance of his duties.

(c) He shall certify:

(i.) that he has found the accounts in order, or otherwise, as the case may be;

(ii.) that separate accounts of all trading undertakings have been kept, and that y charge which each ought to bear has been duly debited;

(iii.) that in his opinion the accounts issued present a true and correct view of the sactions and results of trading (if any) for the period under investigation;

(iv.) that due provision has been made out of revenue for the repayment of loans, all items of receipts and expenditure and all known liabilities have been brought account, and that the value of all assets has in all cases been fairly stated.

18. Auditors should be required to express an opinion upon the necessity of reserve s, of amounts set aside to meet depreciation and obsolescence of plant in addition he statutory sinking funds and of the adequacy of such amounts.

19. The auditor should also be required to present a report to the local authority. ı report should include observations upon any matters as to which he has not been ısfied, or which, in his judgment, called for special notice, particularly with regard he value of any assets taken into account.

20. The local authority should forward to the Local Government Board both the iled accounts and the report of the auditor made upon them. It should be the of the auditor to report independently to the board any case in which an authority ines to carry out any recommendation made by him.

21. A printed copy of the accounts, with the certificate and report of the auditor thereon, should be supplied by the local authority to any ratepayer at a reasonable charge.

22. After careful consideration the committee are of opinion that in view of the thoroughness of the proposed audit, powers of surcharge and disallowance could be altogether dispensed with in the case of the major local authorities.

23. Those powers could not, it is believed, be applied to municipal corporations, in view of the strong objections expressed by them; and it is doubted whether their retention in the case of other authorities would compensate for the loss of authority which would result.

24. The power of disallowance, applying as it does only to illegal expenditures, and not to unwise undertakings and enterprises, does not afford any real safeguard to the ratepayers whose interests are affected.

25. With a continuous, vigilant and thoroughly efficient system of inspection and audit, the surest guarantee to the ratepayers against extravagance is to be found in the deterrent effect of public exposure in addition to the existing legal remedies.

26. The dispensing power possessed by the Local Government Board under the Local Authorities (Expenses) Act, 1887, throws on the department an amount of work often out of proportion to the importance of the issue involved.

27. The committee suggest that in view of the large changes recommended by them it might be advisable to create a new body, in the form of a Board of Commissioners of Local Audit, in some respects analogous to the Railway Commission. This body could be entrusted with the powers which the committee recommend in their report should be vested in the Local Government Board.

28. The committee recommend that if in the case of Scotland it is thought desirable that the existing statutory audit of accounts of County and Borough Councils should be maintained, at any rate the system of audit for the five large cities, which is at present regulated by private acts, should be assimilated to that which is recommended for the major local authorities in England.

29. The committee are of opinion that it would be advisable to continue investigation into other branches of the subject of Municipal Trading in a future session of Parliament.

23 July, 1903.

THE OPPOSITION TO MUNICIPAL SOCIALISM IN GREAT BRITAIN.

In the Journal of Political Economy for March, 1901, Henry Johns Gibbons, of Philadelphia, gives a summary of the British Report on Municipal Trading, and concludes as follows:—

Journal of Political Economy, Vol. 9, p. 258.

Glancing over all these arguments against municipal socialism, it is not hard to discover something of a selfish personal motive back of them. The men who advanced them are keen business men, with large sums engaged in enterprises, which are being interfered with by the growth of public activity. They are a class of men who have no sympathy with any movement that meditates giving any enlargement of power to the people. They hate with a bitter hatred any movement that hints at co-operation or socialism of the mildest type. They are the men who would have trade unions, co-operative societies, and kindred organizations placed under the ban of the law. They represent the most extreme type of individualism and conservatism. Behind them is the great invested capital of the wealthy and the interests of two or three comparatively small business classes, while on the other side, carrying on and defending and ben-

efiting by municipal trading, with a number of intelligent, public-spirited men as leaders, are the great mass of the English people.

It is not within the province of this paper to take up these arguments and give full answers to them, but merely to set forth the position of those who are opposed to this great and spreading movement in English municipal life. But it is not out of place to make a few remarks on the reasons advanced as to why municipal trading should come to an end. The only reasons worth considering are these: (1) Municipal authorities are too busy with purely administrative matters to engage in trading; (2) The legislative sphere of private enterprise is interfered with; (3) there is danger of over-trading; (4) it encourages socialism and discourages combination. All the other arguments presented before the Parliamentary Committee either fall under the heads of one of these four, or do not rest on a base sufficiently specific to entitle them to consideration.

Then there are arguments which lack demonstration because of the absence of definite proof in the way of examples. Assertions were made which could not be supported by illustrations. In one case the town cited as an illustration repudiated the evidence as false.

Thus far the evidence adduced by the opposition is not of the most conclusive kind. Although it is evident that there is a strong combination of interests against the further growth of socialism in England, and even to curtail the privileges the towns already enjoy, the evidence and supporting data which has been produced for the investigating committee is for the most part rather spasmodic.

THE TRUST OR THE TOWN?

Contemporary Review, July, 1903, p. 12.

In the Contemporary Review for July, 1903, is an article by Mr. Robert Donald, in which, for the benefit of British readers, he details the experience of certain American cities with combinations of capitalists, formed with the object of exploiting city resources; also the attempts of American capitalists to seize upon valuable franchises in London, Birmingham, etc. He attributes a good deal of the apparent reaction in England against municipal ownership to the machinations of these capitalists, and says that "here, as in America, it is becoming more and more a question of the Trust or the Town."

GROWTH OF MUNICIPAL AND NATIONAL EXPENDITURE.

In the Statistical Journal for 1901, Vol. 64, p. 73, appears Lord Avebury's (Sir John Lubbock's) address as President of the Royal Statistical Society. The following figures are extracted from the address:—

Annual loss on the British postal telegraphs, £52,000; total loss on telegraphs to date, £7,756,000.

London rates (taxes) have increased in a little over twenty years from £4,028,576 to £10,604,462. Rates in the rest of the United Kingdom increased from £14,877,561 to £27,000,906. In 1875 the debts of the municipalities amounted to one-eighth of the national debt; in 1898 they were equivalent to two-fifths of the national debt. Last year (1900) new municipal debts to the amount of £24,500,000 were created, the amount being more than double that of any previous year.

The national debts of the principal countries have increased in ten years from £5,000,080 to £6,432,757.

THE FABIAN SOCIETY.

This is an association of British propagandists, describing itself as "consisting of Socialists," and aiming at the reorganization of society by the emancipation of land and industrial capital from individual ownership, and the vesting of them in the community for the general benefit. For the purpose of furthering its objects the society sends out lecturers and distributes literature freely. In the Ontario Legislative Library there are two volumes of the "Fabian Tracts" and one volume of "Fabian Essays," published by the society. The general trend of their works may be gathered from the following extract from the Fabian Essays:—

THE ADVANCE OF MUNICIPAL SOCIALISM.

Fabian Essays, pp. 50-54.

The general failure to realize the extent to which our unconscious Socialism has already proceeded—a failure which causes much time and labor to be wasted in uttering and elaborating on paper the most ludicrously impractical anti-socialist demonstrations of the impossibility of matters of daily occurrence—is due to the fact that the few know anything of local administration outside of their own town. It is the municipalities which have done most to "socialize" our industrial life; and the municipal history of the country is yet unwritten. A few particulars may here be given as to this progressive "municipalization" of industry. Most of us know that the local governments have assumed the care of the roads, streets and bridges, once entirely abandoned to individual enterprise, as well as the lighting and cleansing of all public thoroughfares, and the provision of sewers, drains and "storm-water courses." It is, perhaps, not so generally known that no less than £7,500,000 is annualy expended on these services in England and Wales alone, being about 5 per cent. of the rent of the country. The provision of markets, fairs, harbors, piers, docks, hospitals, cemeteries and burial grounds, is still shared with private capitalists; but those in public hands absorb nearly £2,000,000 annually. Parks, pleasure grounds, libraries, museums, baths, and washhouses cost the public funds over half a million sterling. All these are, however, comparatively unimportant services. It is in the provision of gas, water and tramways that local authorities organize labor on a large scale. Practically half the gas consumers in the kingdom are supplied by public gas works, which exist in 168 separate localities, with an annual expenditure of over three millions. It need hardly be added that the advantage to the public is immense, in spite of the enormous price paid for the works in many instances; and that the further municipalization of the gas industry is proceeding with great rapidity, no fewer than twelve local authorities having obtained loans for the purpose (and one for electric lighting) in a single year (Local Government Board Report, 1887-8, c. 5,526, pp. 319-367). With equal rapidity is the water supply becoming a matter of commercial organization, the public expenditure already reaching nearly a million sterling annually. Sixty-five local authorities borrowed money for water supply in 1887-8, rural and urban districts being equally represented (c. 5,550, pp. 319-367). Tramways and ferries are undergoing the same development. About thirty-one towns, including nearly all the larger provincial centres, own some or all of their tramways. Manchester, Bradford, Birmingham, Oldham, Sunderland, and Greenock lease their undertakings; but among the municipalities Huddersfield has the good sense to work its lines without any "middleman" intervention, with excellent public results. The tramway mileage belonging to local authorities has increased five-fold since 1878, and comprises more than a quarter of the whole (House of Commons Return, 1887-8, No. 347). The last important work completed by the Metropolitan Board of Works was the establishment of a "free steam ferry" on the Thames, charged upon the rates. This is, in some respects, the most

significant development of all. The difference between a free steam ferry and a free railway is obviously only one of degree.

A few more cases are worth mentioning. Glasgow builds and maintains seven public "common lodging houses"; Liverpool provides science lectures; Manchester builds and stocks an art gallery; Birmingham runs schools of design; Leeds creates extensive cattle markets; and Bradford supplies water below cost price. There are nearly one hundred free libraries and reading rooms. The minor services now performed by public bodies are innumerable. This "Municipal Socialism" has been rendered possible by the creation of a local debt, now reaching over £181,000,000. Nearly £10,000,000 is annually paid in interest and sinking fund on the debt; and to this extent the pecuniary benefit of municipalization is diminished. The full advantages of the public organization of labor remain, besides a considerable pecuniary profit; whilst the objective differentiation of the economic classes (by the separation of the idle rentier from the manager or entrepreneur) enormously facilitates popular comprehension of the nature of the economic tribute known as interest. To the extent, moreover, that additional charges are thrown upon the rates, the interest paid to the capitalist is levied mainly at the cost of the landlord, and we have a corresponding "nationalization" of so much of the economic rent. The increase in the local rates has been 36 per cent., or nearly £7,000,000 in eleven years, and is still growing. They now amount to over twenty-six millions in England and Wales alone. or about 17 per cent. of the rental of the country (c. 5,550, p. clxxiv.).

Nor is there any apparent prospect of slackening of the pace of this unconscious abandonment of individualism. No member of Parliament has so much as introduced a bill to give effect to the Anarchist principles of Mr. Herbert Spencer's "Man Versus the State." The not disinterested efforts of the Liberty and Property Defence League fail to hinder even Conservative Parliaments from further Socialist legislation. Mr. Gladstone remarked to a friend in 1886 that the Home Rule question would turn the Liberal party into a Radical party. He might have said that it would make both parties Socialist. Free elementary and public technical education is now practically accepted on both sides of the House, provided that the so-called "voluntary schools," themselves half maintained from public funds, are not extinguished. Mr. Chamberlain and the younger Conservatives openly advocate far-reaching projects of social reform through State and municipal agency, as a means of obtaining popular support. The National Liberal Federation adopts the special taxation of urban ground values as the main feature in its domestic programme, notwithstanding that this proposal is characterized by old-fashioned Liberals as sheer confiscation of so much of the landlords' property. The London Liberal and Radical Union, which has Mr. John Morley for its president, even proposes that the County Council shall have power to rebuild the London slums at the sole charge of the ground landlord. It is, therefore, not surprising that the Trades Union Congress should now twice have declared in favor of "Land Nationalization" by large majorities, or that the bulk of the London County Council should be returned on an essentially Socialist platform. The whole of the immediately practicable demands of the most exacting Socialist are, indeed, now often embodied in the current Radical programme.

A BOOK ABOUT GLASGOW.

"Glasgow, Its Municipal Organization and Administration," by Sir James Bell, Bart., Lord Provost of Glasgow, 1892-95, 1895-6; and James Paton, F.L.S., President of the Museums Association of the United Kingdom. Glasgow, 1896.

This is a very able book of 426 quarto pages. If there were a supplement to it, bringing the information down to date, there would not be needed any further exposi-

tion of the history of Glasgow, as the most advanced of modern municipalities in the direction of municipal ownership and operation of public utilities. Any one who wishes to master the history of the evolution of the modern municipality cannot do better than give up some weeks to the study of this book. It is useless, of course, to attempt to give even an outline of it here. Suffice it to say that even so far back as ten years ago, Glasgow Council employed 10,000 persons, administered a revenue of £2,000,000 sterling —which is about two and one-half times the revenue of the Province of Ontario, and exceeds that of some European kingdoms; held property worth more than £10,000,000, and had a debt of £8,000,000.

SHAW'S MUNICIPAL GOVERNMENT IN GREAT BRITAIN—DIFFERENCES BETWEEN BRITISH AND AMERICAN METHODS.

It will probably be admitted by other authors that Albert Shaw's "Municipal Government in Great Britain" is the most thorough and informing book on the subject and that it needs only its statistics brought down to date to be the best existing authority. In a lesser degree his "Municipal Government in Continental Europe" holds a similar position with respect to the European cities outside of Great Britain. As both books are wholly given over to the discussion of municipal enterprises and activities, an attempt to give extracts from them would break down, because of the multiplicity of passages worthy to be extracted. No student of the question can afford to neglect the perusal of these books from end to end. Perhaps, one extract may be given with advantage here, for the reason that the author gives very pointed reasons why municipal ownership may be perfectly successful in Britain, but a dismal failure in the United States, his own country:—

Shaw, Municipal Government in Great Britain, pp. 63-68.

It would seem a little strange that the one school of reformers should not have been earlier opposed by another, which would advocate the concentration of authority and responsibility in the Council. Logically the Mayor must eventually swallow the council or the council must swallow the mayor, if political forces are to be accorded some degree of natural play; and the one man power is on the decline everywhere in this age. Municipal governments, elsewhere than in the United States, after having constituted a ruling body, do not erect a separate one-man power, and give it the means to obstruct the ruling administrative body and to diminish its scope and responsibility. The Mayor elsewhere is an integral part of the council. English, Scotch, and Irish municipal government is simply government by a group of men who are to be regarded as a grand committee of the corporation—the corporation consisting of the whole body of burgesses or qualified citizens. In Glasgow it is a committee of seventy-eight; in Edinburg, of forty-one; in Manchester, of one hundred and four; in Birmingham, of seventy-two; in Liverpool, Leeds, Sheffield, and most of the large English towns, of sixty-four; in Dublin, of sixty; in Belfast, of forty; and in the other incorporated towns of the United Kingdom it varies from twelve to sixty-four, according to their size. So far as these bodies have authority to pass by-laws at all, their authority is complete, and nobody obtrudes a veto. They appoint and remove all officials. They have entire charge of municipal administration, distributing the work of departmental management and supervision to standing committees of their own number, which they organize and constitute as they please. If such a local government cannot be trusted, the fault is with popular institutions. It is quite certain to be as good a government as the people concerned deserve to have. The location of responsibility is perfectly definite. When the Glasgow city improvement scheme became unpopular with the voters because it was prov-

ing more expensive than its projectors had promised, the chairman of the committee was retired by his constituents at the end of his term. The taxpayers hold every member of council responsible for his votes. The scheme is as simple, logical, and effective as the American system is complicated and incompatible with harmonious and responsible administration. City government in America defeats its own ends by its "checks and balances," its partitions of duty and responsibility, and its grand opportunities for the game of hide-and-seek. Infinitely superior is the English system, by which the people give the entire management of their affairs to a big committee of their own number, which they renew from time to time.

The most important official in an English municipal corporation is the town clerk. He has a large salary, and is expected to hold his office for life. He is the Council's recording officer, the custodian of records, deeds, and charters, the council's legal adviser, the medium through which communication is had with the Local Government Board, the publisher of registration lists and election announcements, the draftsman of bills which the council desires Parliament to pass, the general secretary of the borough, and a high authority on point of municipal law, precedent, and history. The only other officer which the Municipal Corporation Act requires all town councils to appoint is a treasurer. The clerk and the treasurer must be different persons and must not be members of the council. As for the rest, the law declares that:

The Council shall from time to time appoint such other officers as have been usually appointed in the borough, or as the council think necessary, and may at any time discontinue the appointment of any officer appearing to them not necessary to be reappointed.

There must be three auditors, one appointed from the council by the Mayor, and the other two elected by the burgesses; but they are not regarded as city officers in the ordinary sense, being merely called in twice a year to examine the treasurer's accounts and vouchers.

But, while the organization of the working departments and the creation of municipal offices are left to the discretion of their respective councils, there is a general similarity among the towns. It is the almost uniform practice to appoint as permanent chiefs or superintendents of departments the most thoroughly qualified men who can be secured, and to hold them responsible to the council, through the standing committees, for the ordinary operation of their respective branches of the municipal service. These towns have, as a rule, undertaken so extensive a range of public activities that the number of their employees is great. But the average of efficiency is also very high. At the head of the police, fire, water, gas, sanitary, park, engineering, and other departments, are to be found men of special fitness and training, who are selected for administrative ability, as well as for expert knowledge, and whose security of tenure, for so long as they deserve it, adds to their faithfulness and usefulness. Nothing in British city government will be more likely to impress the American who observes it closely than its indebtedness for a large part of its success to the superiority of the appointive heads of departments.

It is everywhere earnestly claimed in England and Scotland that party considerations weigh nothing in appointments, and that regard is had to efficiency alone; and the claim on the whole seems to be justified. In American cities it is generally thought necessary to choose municipal servants from local applicants or candidates; but there is no such limitation in England. It is usual to advertise a vacancy; and the committee most directly concerned make their choice from the applicants, and then recommend to the full council for action. If a chief of police is wanted for a town, even of moderate size, there are likely to be applicants by the score or hundred from all parts of the United Kingdom. Offices are held so permanently that promotion is not very rapid, and

a vacancy at the head of a department will therefore be sought by the men of lower rank in the corresponding departments of other towns; and clear merit usually wins. There are no competitive examinations either for the higher or the lower walks of the municipal service in England or in Scotland, other means of ascertaining men's qualifications being preferred.

In filling up the ranks—selection being left in a very considerable measure to the responsible departmental head—the English towns have, of course, a great advantage over those of America. Good men are so much more numerous than good positions, and the competitive struggle for existence is so terribly severe, that a place in the public service, even though humble and poorly paid, attracts men of a class who in America could not be induced to give up the chances of success in business or professional life for a small clerkship or inspectorship in a municipal department.

Englishmen are not indifferent about their municipal matters, and they know very well how to grumble; and it is therefore a significant thing that one rarely encounters a charge of favoritism or unworthy use of patronage in municipal appointments. The number of unsuccessful applicants is so large that if frequent abuses of the appointive power occurred there would be no lack of persons to complain and to make the facts known. It would be easy to give instances of the appointment to responsible places of men who applied as strangers from distant towns, without acquaintance or other influence than their testimonials and proofs of fitness and of good work already done.

A particularly valuable test of the fairness and purity of any municipal administration is the estimation in which the police department is held by good citizens. The complaints and suspicions so commonly directed against the police authorities of American cities are almost unknown in England. At least, they exist only in a very slight measure. Every precaution is taken to keep an English police force up to a high standard. Control is vested in a council committee, of which the Mayor is a member, but a quasi-military discipline is maintained by the head constable (chief of police), who in many cases has held a commission in the army. Half of the expense of maintaining the police force of every city or district of Great Britain is paid by the general government. But this payment is made on the report of government inspectors, who must find that the force is adequate in numbers, well organized and disciplined, and in general respects up to the high standard that the statutes and the Home Office require. The inspection of the government tends to produce something like uniformity in the organization of police forces, and is an altogether salutary influence.

Indeed, the relationship that now exists between the municipal administration and the central government at many points is advantageous rather than hampering to the local corporation. It is no hardship to make regular annual or semi-annual reports to the Local Government Board, or the Treasury, or the Home Office, touching all matters of corporate income and outgo, and the results of the administration of sanitary and other public statutes. Through the medium of the Local Government Board—its regular publications, its permanent staff in the London offices, and its expert visiting inspectors—the officials of one town are supplied with knowledge of the doings and experiences of other towns, are deterred from harmful experiments, and are instructed in the best methods. At times it appears a needless interference with local affairs that compels a well-governed city to submit to the central authorities for inspection and approval every scheme whatsoever that necessitates the borrowing of money. If there were any lack of system in the methods by which local projects are passed upon by Westminster, or if there were any serious taint of partisanship, favoritism, or arbitrary judgment upon the processes employed, the mechanism would break down speedily, and a more complete local autonomy in matters involving municipal outlay and indebtedness would have to be accorded. But the system works in the interest of justice,

and its costliness in money and in time is counterbalanced by the benefits which accrue from the more thorough preliminary sifting that every scheme receives in preparation for the searching ordeal at Westminster, and from the valuable emendations which so often result from the advice that expert central officers can give.

MUNICIPAL TRADING IN GREAT BRITAIN AND UNITED STATES.

Address by Hon. Robert P. Porter, Director of the eleventh census of the United States, before the British Association at Belfast, and discussion thereon, Sept., 1902.

London Times, Sept. 15, 1902.

The Hon. Robert P. Porter read a paper on "Municipal Trading," in which he said that in the 'forties and 'fifties an epidemic, very similar to the present fever for municipal trading in England, literally swept over the United States, and ended in bankruptcy and ruin, not only of cities and towns, but of important States. Bonds, issued by State and local authorities, went in default; while the unharmed taxpayers, deluded by the belief that they were "productive" not "unproductive" undertakings, were simply unable to stand up under the burdens imposed upon them. These and kindred experiences taught the United States the useful lesson that there was a limit to State and municipal credit; and although occurring before municipal trading was a known art, it had much to do with the hesitancy on the part of the United States to plunge into experimental municipal industries. The taxpayers of those times, who saw their property practically confiscated to pay for enterprises which should have been left entirely to individual effort or private speculators, invented a device known as the "debt limit clause"; and this clause in some form or other has been inserted in nearly every State constitution drawn and adopted since those days of financial disaster and destruction of State and local credit. In some States additional clauses were inserted prohibiting the use of industrial funds in any industrial enterprise whatever. The supreme court of the State of Michigan recently in construing this clause in the constitution of that State compelled the city of Detroit to return to a company, a street railway which that city had purchased and was about to operate.. The debt limitation ranged from 10 per cent. of the assessed value of the property returned for taxation in New York, to 5 per cent. in many of the Western States, and in one State to as low at 2 per cent. The period for re-payment of local loans in America was much shorter than in England, extending generally about 25 years. This seemed to give their cities sufficient borrowing powers for their legitimate needs, but not latitude enough for a full swing in the fascinating arena of municipal trading. Partially because of the debt limitation, and partially because private enterprise had been allowed a freer headway in such undertakings as the supply of gas, electric lighting, tramways and telephones, they found in the United States no city owning and operating its own tramways and street railways, perhaps less than half a dozen manufacturing gas, a very few engaged in supplying electric light, and, he thought, not one engaged in the telephone business. American cities were, however, well supplied with all such utilities. Municipal trading was rapidly increasing municipal debt in England, and serious complaints might be heard on all sides in consequence of the increase of local taxation. The answer is that the debt is "productive," and that the profits of these industrial undertakings would be used to reduce the taxes. If the object of all this municipal trading was profit, it would be simpler to exact adequate compensation from private companies for the occupation or use of the streets. Or, in the case of tramways, build the tracks; or, in the case of the cities of New York and Boston, construct the subways and lease them to private companies; thus avoiding the responsibility of operation and practically removing the transaction from the domain of speculative industry. But the object was not profit said those who rank high in the

domain of municipalists, while many went so far as to advocate no profits for municipal undertakings. He had, however, yet to examine the budget of a city or town engaged in profit-making industries in which the authorities did not congratulate the ratepayers on the surplus (when there was any) from the tramway, gas or electric lighting accounts. Indeed, it was a regrettable fact that municipal bookkeeping not infrequently showed profits which vanished with the stern fact of a shareholders' dividend warrant was applied to them.

Municipal trading, defined in one word, was "Socialism," and on this point all consistent and really earnest municipalities seemed to agree. Personally he did not think it wise for a municipality to take a penny profit from such undertakings. Cheapness and efficiency of service should come first. Much broader principles were involved in this matter than the profit and loss account of a municipal ledger. Before all fiscal considerations was the effect of municipal trading on the excellent work which the English municipalities had taken up and conducted with such a large measure of success during the last 25 years. More than 20 years ago when he was commissioned by one of the United States Government departments to visit England and study the methods of administering municipal affairs, he had no words except of praise for the conduct of affairs. Everything was being done to brighten and improve the life of the people. Better sanitary arrangements, more parks and open spaces, additional supply of pure water, increased school accommodation, establishment of free libraries, encouragement of music in the parks and other movements for the uplifting of the people and the maintenance of a high degree of municipal spirit, constituted a programme which all could then endorse. No one thought of making money out of these enterprises; no communities had been built around the sacred person of a town clerk. a competitive force which was soon not only to antagonize existing railway companies—oftentimes the largest ratepayers of a district—but was to compel its own citizens to assume responsibilities for loans to promote industrial undertakings, which would compete with, and perhaps ultimately destroy, their own business. In short, the ennobling civic work in which all could join had since then been changed, and municipalities had in many instances descended to a form of competition which was not only unjust to the ratepayers, but which, when it assumed the shape of organized town clerks attempting to influence Parliamentary legislation, would be considered an illegal proceeding in the United States. The bitterness expended in these Parliamentary contests to prevent individual enterprise, and continue municipal monopolies in tramways, in gas works and electric lighting, and the disposition on the part of municipalities to secure these rights and hold them dog-in-the-manger like, against private companies, anxious to invest and serve the public, had, in his opinion, done much to side-track public-spirited municipal work in England. It might lower the tone of our administration of local affairs from the high standard it should occupy by introducing too much of the commercial spirit. Local politicians were becoming large employers of labor at minimum hours and maximum wages—to popularize themselves with the non-taxpaying voter. They openly boasted in their reports of the increase they had ordered in wages, the reduction of hours of labor, and the decrease in fares and the price of commodities. This reckless scattering of public funds was in strange contrast with the experience and economies deemed necessary for the successful promotion and development of private enterprise. When called to account they sought to soothe the troubled ratepayer by dividing the rapidly increasing public debt into "productive" and "unproductive." There remained but one thing to which the losses to which all business ventures are liable—the rates. The present local indebtedness of the United Kingdom is well over £300,000,000; an almost equivalent to double the same class of indebtedness in the United States. Between 1879 and 1898 this indebtedness had grown £150,000,000. The piling up of local indebtedness tended to escape the purview and control of Parliament in a way in which the national

functions thrust upon them. And, gravest uncertainty of all, the question whether the purity, such as it was of the municipal government would be maintained if it exercised a multitude of duties, touched finance at many points and made politics and business almost synonymous." The relation of municipalists to labor must always be a source of concern, that the governing body of large cities should be a gigantic employer of labor. It might in such event become a grave question whether the council would control the staff, or whether the staff would control the council; whether, in fact, the dog would wag the tail or the tail wag the dog. State failures in conducting such enterprises as railways, telegraphs and other industries that, as a rule, flourish better under the skilful guidance of men reared to the business; the losses on the telegraph system since it had been managed by the British Government, had a bearing on the general question as to how far it was wise for States to depart from the safe theory that "the State is governed best that is governed least" and undertake enterprises which have usually been left to individual endeavor. He was a firm believer in the municipal spirit of the age and an ardent supporter of all its higher aims. These words of warning were offered because he believed municipal trading propensities, if not limited, would neutralize and destroy much of the good already accomplished by conscientious municipal workers in their proper sphere, both in England and in the United States.

In the discussion.

Dr. W. R. Scott objected to the pauperization of the working classes in the building of houses by rural district councils. He approved of the sliding scale in the statutory companies, such as the gas companies. The principle of the sliding scale had been applied in America to tramways, and might with perpetuity of tenure be adopted here.

Mr. Ashley said that the central control was weak in the several States of the Union. It could not be said that we were worse in respect to sanitation and paving than the United States. The leasing system had not worked well in England, or he believed abroad. Pensions, which were quite consistent with self respect, were a better provision for the poor than the work house.

Mr. Austin Leech said that in Manchester they believed in municipalization. The leased tramways would not provide electricity or other improvement because they would not pay during the remnant of a lease. But though he would discourage municipal trading and doubted the wisdom of municipal housing, he thought the city should have the control of all enterprises which interfered with the streets or the city's property. Manchester provided its own gas at a low price, and the danger of having a large number of workmen was shown to be groundless, as the corporation had defeated a protracted strike. The city also owned its water—its hydraulic power and all the motive power in the city. The atmosphere had been improved, and the manufacturers had availed themselves largely of the hydraulic power. There was plenty of hope for trading companies outside the largest towns. In his opinion Manchester compared very favorably with New York.

Mr. Bradshaw said that the Nottingham Corporation charged 2s. 8d. for gas, which was supplied by a company at Sheffield for 2s., and gas was used as a form of taxation.

The President repudiated the term municipal trading, preferring municipal enterprise of which municipal trading was only a part or development. The influence of the shareholders of big companies was not less dangerous than the votes of an army of municipal workmen. But he objected to the practice of charging non-economic fares for an economic service, as was so largely done by the London County Council. For himself he thought we had much to learn from America, with its fine parks, and he thought life in American cities was very tolerable.

Mr. Porter briefly replied. In his opinion the municipality ought to supply water, and this was done in America. The principles of Manchester, successful as that city was—would logically lead to the municipalization of all business which paid more than 3 per cent.

PUBLIC OWNERSHIP AND PUBLIC OPERATION.

Richard T. Ely, Professor of Political Economy in the University of Wisconsin, has in the North American Review, Vol. 172, an article as follows:

North American Review, Vol. 172, pp. 450-455.

The writer has followed this subject and the trend of opinion with respect to it, for fifteen years with some care. In his own judgment the trend in favor of public ownership is marked and surprising. He has seen one investigator after another start with prepossessions in favor of public control of private corporations and turn away from that position as a hopeless one, and take up a position in favor of public ownership as the only practical solution under our American conditions. There lies before the writer a letter recently received from an attorney, a member of a well known firm in one of our cities. This lawyer has been forced by experience to abandon the position in favor of private ownership. He says as a result of long continued and self-sacrificing efforts to improve politics in his own city:

"The alleged benefits of regulation are practically as impossible as an attempt to regulate the laws of gravitation, for our legislative councils are nominated, elected and controlled by forces too subtle and insidious to be attacked, and even to be known. . . . A community cannot regulate against millions of dollars organized to prevent it. This temptation disappears, however, when the municipality becomes the owner."

The difficulties of public ownership are not to be denied. They lie on the surface. The problem in the case of public ownership is to secure men of talent and experience to conduct these enterprises, and keep them in office during good behavior, to engage men for all positions on the basis of merit and, while retaining vast armies of employees, to enact such legislation and administrative reforms as will prevent employees of the city, engaged in furnishing public utilities, from either using their political power for their own selfish ends or from being used for partisan purposes. This implies, on the part of society, an appreciation of excellence of service, and a thorough-going reform of municipal civil service. Politicians of the baser sort, and all those who have selfish ends to be gained by political corruption, will work against such reform. On the other hand, public ownership with public operation presents the issues in comparatively simple form. The clarification of issues is, indeed, one of the strong arguments in favor of municipal ownership. Who knows to what extent the employees on the street railways of Baltimore, Philadelphia, New York and Chicago are appointed through the influence of politicians? It is known, however, that many appointments are made through the influence of politicians of precisely the worse sort. It is furthermore known that these corporations are now generally in politics. But because the corporations furnishing these public utilities are owners of private property and because they conduct a business which is only quasi-public, the political corruption with which they are connected is hidden and obscure and the voters are confused and perplexed. Public ownership carries home to everyone the importance of good government and arranges on the side of good government the strong classes in a community now so often indifferent. Frequently men who are powerful in a community, in working for good government, work against rather than for their own private interests. It is, indeed, gratifying to see men of wealth, as frequently as they do, turn aside from selfish considerations to promote measures calculated to advance the general welfare. But can we expect this kind of conduct persistently from the great majority? Have we any right to expect it? A personal allusion is sufficiently strong and instructive to warrant reference to it.

When the writer had invested what was to him a considerable sum in gas stock, he tried to answer for himself the question: As an owner of gas stock exactly what kind of municipal government do I want? The government of the city in which was located the gas works in which the writer was interested was a stench in the nostrils of reformers throughout the country; but he could not persuade himself that as an owner of gas stock any very considerable change was for his interest. The city government as it then was, was a "safe" one, and the result of a change could not be foretold. Is not this as a matter of fact, the solution of the problem which owners of stock in street railways, gas works and similar enterprises generally reach when they look at municipal reform solely from the point of view of self interest? And can we then be surprised at a certain apathy and indifference on the part of what are called the "better classes" in a community Men of great wealth have been known to work against their own narrow interests for the public weal, but has an entire class of men ever been known to do this?

A further result of municipal ownership would be a better balance between private and public interests, and this better balance would strengthen the existing order against the attacks of Socialists and Anarchists, on the one hand, and unscrupulous plutocrats on the other. A balance between private and public enterprise is what is fundamental in our present social order, and a disturbance of this balance consequently threatens this order. This balance is favorable to liberty, which is threatened when it is disturbed either in the one direction or the other. Any one who follows passing events with care cannot fail to see that it is menaced by Socialism on one hand, and plutocracy on the other. A man of high standing in Philadelphia, himself a man of large wealth, when presiding at a public meeting recently, stated practically in so many words that a professor in a school of some note had lost his position lately on account of a monograph which he wrote in relation to the street railways of the city. This monograph was temperate in tone, and its scholarly character elicited commendation on all sides. We need not go into the merits of this particular case, but we cannot fail to notice disquieting rumors upon the attacks upon freedom of speech, which are an outcome of private ownership of public utilities.

There is a widespread apprehension that the utterances of opinion upon one side promotes one's interest, and that the utterance of opinion upon the other side may prove damaging. Mathematical proof cannot be well adduced, but readers can, by careful observation, reach a conclusion as to the question whether or not our industrial order is menaced by plutocracy, always bearing in mind that plutocracy does not mean honestly gotten and honestly administered wealth. There are good rich men and bad rich men, just as there are good poor men and bad poor men. Does private ownership of public utilities, on the one hand, tempt rich men to wrong courses of action, and does it, on the other hand, place great power in the hands of unscrupulous wealth?

In an article restricted as the present is, it is impossible to go statistically into experience. The question may be raised, however, has anyone ever noticed an improvement in municipal government from a lessening of the functions of municipal government? Can anyone point to a municipal government which has improved because its duties have been diminished and the number of its employees lessened? If we turn away from local government do we find that it is through the lessening of the function of government in general that an improvement is achieved? At one time the Italian Government operated the Italian railways. Later it leased the railways to a private corporation. Has this retirement of Italy from the operation of the railways produced a regeneration in public life? As we travel over this country and observe the course of local government, do we not, on the contrary, find that, on the whole, it has improved as its functions have increased, and as it appeals directly and effectively to larger and larger numbers? The case of England is a very clear one. If we go back fifty years

ıall probably find that the government of English cities was quite as bad as ours is

During the past fifty years there has been a continuous improvement, and this ıccompanied continual expansion of municipal activity, while at the same time ıgh an extension of suffrage, English municipal government has become increasingly ›cratic in character. We must hesitate about establishing a causal connection be- ı these two movements, but is it unnatural to suppose that there may be such a ection? When there is a great deal at stake, when the city has much to do, good rnment of the cities appeals to all right-minded persons; and if there is no divis- ›f interests through private ownership we ought, in a civilized community, to expect ıd all honest and intelligent people working together for good government. A ble basis is afforded the masses for an appeal for higher interests, and reliance is d upon municipal self help. Instead of asking people to do things for them— ly, great private corporations—the people are told to help themselves.

Mistakes and wrongdoing must be anticipated under either one of our two possible ms. What about the relative seriousness of the mistakes and wrongdoing, how-

We have a certain demoralization in each case, and a certain loss. While in the of public ownership we have an opportunity to recover from mistaken action, in :ase of private ownership mistaken and wrong action is often irretrievable in its :quences. Take the case of New York City as an illustration. Jacob Sharp se- l a franchise for the Broadway surface railway through wholesale corruption and ient to penitentiary. The franchise was, however, retained by those into whose ; it fell, and others have entered into the fruits of his theft. Under our American m of government, in cases of this sort stolen goods are retained. The franchises are ıed and the forgotten millions continue to suffer, because their rights have not been ıately safeguarded. With the other policy, namely, that of public ownership, how ent would be the results? If the street railways were mismanaged, or their earn- stolen, it would be sufficient to turn out the municipal plunderers. Too many over- what is distinctively American in our problem; namely, our constitutional system, ı protects franchise grants when once made, and so renders irretrievable a mistaken ', provided we have the system of private ownership. The socialization of public nent, which must lie back of proper social action may not have gone far enough. question is: Have we the social man back of the social action which we advocate? : are talking about the heart of Africa with its individualistic blacks, unquestion- we have not the social man which would make possible any considerable amount cial action. Among barbarians and semi-civilized people the few must do things he many. Social action must not be forced down from above, and it must not accidentally if it is to be successful. It must come as the result of full and free ssion, and of full and free expression on the part of the people. It is on this ac- : that the initiative and referendum, in a country like ours, may properly accom- the social action. Have we in our country the social man to back the social action? does not everywhere exist, he is coming and coming rapidly, and the amount of l action which the socialization of sentiment make possible and desirable increases oportion as he makes his appearance. The question of municipal ownership is a ion of social psychology. It turns on the nature of the social mind.

RICHARD T. ELY.

UNITED STATES INDUSTRIAL COMMISSION REPORTS.

Among the Public Documents of the 57th Congress, first session, are nineteen large ıes of the Report and Evidence taken before the Industrial Commission appointed)8 to investigate questions relating to immigration, labor, agriculture and manufac- ;. The Commission reports as follows concerning Municipal Public Utilities:

MUNICIPAL PUBLIC UTILITIES.—A. GENERAL DISCUSSION OF REGULATION AND PUBLIC OWNERSHIP.

U. S. House Documents, 57th Cong., 1st Sess., Vol. 72, p. ccxxxix., et seq.

1. Importance of Problem.—Professor Edward W. Bemis, of the Bureau of Economic Research, says that the problem of municipal public utilities is made important by the fact that competition has broken down under them and that they are virtually monopolies. The same problems are already confronting us in cities as will later become conspicious regarding railroads, and the experience of the management of public utilities in cities will be a valuable lesson. The magnitude of the problem may be judged from the fact that the capital of the privately owned water, gas and electric plants in the country is nearly $1,400,000,000, while the capital of street railways is $1,800,000,000. The further fact that certain syndicates and individuals are getting controlling interests in street railways, gas and electric light companies of very many different cities increases the importance of the problem.

2. Tendency of public utilities towards monopoly.—Professor Bemis declares that competition in the street railways, electric light and water supply business has almost entirely broken down. Efforts have been made in the most important cities in this country to maintain competing companies, but in nearly every instance the experiment has ended in consolidation. The tendency towards consolidation has been slightly less marked in the case of electric light companies, but consolidation has still gone on very rapidly, and in most cities street lighting and household lighting are furnished by a corporation, although large establishments are often able to supply themselves by means of private plants.

Consolidation of plants of this sort result in great economies. There is a saving in office force, in avoiding the duplication of mains, pipes and wires, in the collection of bills and in other ways.

3. Consolidation of plants of the same or similar character.—Professor Bemis says that in recent years there has been a marked concentration of ownership of plants of different cities and of plants of different character in the same city. Thus, in New York City the Consolidated Gas Company increased its stock in July, 1900, to $80,000,000, and bought up the other gas and electric light companies of that city. The same syndicate has also a controlling influence in the street surface railways of New York, although the elevated roads are in the hands of a different syndicate. The Elkins-Widener-Whitney syndicate also controls the street railways of Philadelphia, Chicago, and a rapidly-increasing number of other cities. Similarly the United Gas Improvement Company of Philadelphia has a controlling interest in the gas companies of over 40 cities, among them Jersey City, Kansas City, and Atlanta. The officers of the Standard Oil Company have also a very large interest in gas and street railway enterprises all over the country. In Chicago the surface railroads and several of the elevated roads have been at times in the past, and doubtless will be in the future, owned by a single syndicate.

Mr. Allen Ripley Foote advocates the consolidation of the gas and electric plants of a municipality, and also the consolidation of the electric street railways with electric light plants. It would make a saving in the cost of the management and would cheapen the cost to the consumer.

In dealing with a consolidated syndicate, however, there should be thorough control of capitalization to prevent stock watering, and thorough publicity of accounts. Without such system of public accounting consolidation might not be beneficial to anybody but the syndicate themselves.

4. Possible methods of handling public utilities—Professor Bemis says there are three methods of solving the problem of municipal public utilities. One is to regulate the private ownership of them; another is direct public ownership and operation, while

third is public ownership with private operation. Regulation of private ownership is been most advanced in England and Massachusetts; public ownership has gone rthest in England, while the system of public ownership and private operation scarcely ists in the United States, but is very common in England.

5. Comparison of public and private ownership of municipal utilities.—Professor emis says that there are certain evils and dangers in public management to be carelly guarded against, but he still believes that progress lies in the direction of public anagement of municipal utilities. Private companies in England do not oppose the ublic as they do here. Since the Brooklyn Bridge Railway has been taken over by rivate management there is a great deal more dissatisfaction than ever before, while nder public management for many years it had given universal satisfaction.

Professor Bemis holds that the principle of municipal ownership of gas, electric ghts and street railways is the same as that in respect to water supply, which is genrally considered a public function, but that it is more a question of expediency as to ow fast we should go in relation to those utilities. He does not believe all industries ould be owned and controlled by the people, but where competition breaks down of s own weight and monopoly thus results, then the public must control it in some way. Ve should begin by learning through publicity of accounts what profits these monopolies re making and by seeing what could be done by regulation and taxation; but experiients in municipal operation should be at once undertaken and the causes of success or ilure carefully studied.

Mr. Foote thinks that in a sense the Socialistic idea is the basis of or the initial oint in the advocacy of municipal ownership. The people feel that the public should ave the benefits and profits, if there are any, in the operation of the quasi-public plants, nd that private corporations have been making excessive profits and have exercised nore or less venality, not only in the securing of their franchise but also in the operaion of their plants.

Mr. Foote asserts that it is impossible to compare the results of municipal or poitical monopoly with those of properly supervised private industrial monopoly. When he water works are under private ownership everything has to be paid for by private apital in the way of extending lines and making improvements, etc., and the rates have to be sufficient to pay all operating expenses and whatever profits are made. If the municipalities should buy these works they would frequently reduce the price to the consumer, but would make up the difference by taxation, they would especially extend the service lines and charge the cost to special improvement assessments on property rather than to consumers. The city does not have to earn profits.

As to whether there is any advantage in municipal ownership, assuming honesty of operation in both cases and the same element of cost, etc., there are not sufficient data at hand to reach a conclusion, and they cannot be obtained without having the accounts of the municipalities and quasi-public corporations public and uniform. The witness, however, does not think the business of the municipalities of the country is yet sufficiently developed to permit the satisfactory operation of their public utilities by the ratepayers. As yet it always costs more to do public business than to do private business of the same nature.

Mr. Foote says further that if it were possible to get men sufficiently patriotic to work for the people as a whole as loyally as they would in their own business, municipal ownership would be very desirable, but such condition does not exist, and when the factor of self interest is eliminated from industrial management there is eliminated the factor of efficiency. The witness has never yet seen an industry so well managed by the public, but that a set of private men having the same details in the management, could operate it and make a profit and give the price as low if not lower.

Mr. Foote believes, however, that there are more reasons why water works should be managed by municipalities than any other utilities, because there are more regulations required in the operation of these plants that partake of the nature of police regulations. He sees no reason, indeed, why a small municipality might not operate its own water works plant more economically than a private company; because in a small plant the duties of the officials of the private company would be so light that to pay any sort of salary to them the cost of operation would be high; whereas, if the plant were operated by a municipality, the work could be performed by officials of the municipality who had other municipal duties to do.

Mr. Foote says that if the theory of municipal ownership should be adopted he would recommend the management by the municipality of every public utility where an economic gain could be made to the public; but that he would still insist that the accounts of the municipality should be kept in such a way that it could always be ascertained what the actual cost of the construction and of the management of the plant would be. He instances several cases of municipalities owning and operating certain utilities in which the accounts were so kept that while on the face of the records there seemed to be great economy in such operation, yet as a matter of fact they had been operating less cheaply than a private corporation could have done.

6. Political effects of extension of public ownership.—Professor Bemis asserts that whenever there has been a failure of any municipal public-service plant, such failure can be traced generally to the spoils system in politics or to a lack of general business sense in the council, which has led to the selection of poor managers, or to the plant not being properly equipped. A proper reform in the civil service would show the people that they could improve the government, and have it practically useful in a co-operative way by cheapening transportation, fuel, light, telephone and telegraph service. Moreover, an increase in public functions increases the popular interest in having the government better managed.

Professor Bemis thinks the efforts of the influential and wealthy companies to keep their own old franchises, or get better ones, or to escape their share of taxation, are a potent force of municipal corruption. A very intelligent employee of a certain gas company informed him that all the employees of that company had to be recommended to their places by the political boss of the precinct, and had to keep up their membership in the political organization in order that they might retain their positions. When the Philadelphia gas works were still under public management they were buying 40 per cent. of their gas from a private company, and they always took their employees at the recommendation of the Philadelphia aldermen, and did not keep them longer than they could help. Their motto was: "The more people we can hire in a given month the more aldermen we can please the more times." It would be easier to convince the people of the need of civil service reform and business efficiency than it would be to get rid of the demoralization connected with this relation of private companies to legislative and administrative bodies.

Civil service in municipal affairs.—Mr. Foote advocates a rigid civil service reform in municipal affairs in case municipalities should take over to themselves the operation of their public utilities. He believes that the employees engaged in operating utilities should be engaged for life, during good behavior. The witness declares that he is somewhat different from the average civil service reformer in that he does not believe it is of any interest to the public how a man gets his position, but that it does interest the public what he does after he gets it. Therefore, primary appointments should be made in any way that seems best—not necessarily by examinations—but there should be a probationary period of six months before the employee goes upon the regular roll. Promotion should be made from the lower to the higher grades, from those in the service, and not from outside, thus stimulating to efficient work.

7. Proposed legislation in Ohio.—Mr. Foote states that in the State of Ohio the municipal code commission has been studying the matter for two years, and finally brought in a bill at the 1900 session of the legislature permitting every municipality in the State to own and operate its own water works, gas works, street railway, telephone system, garbage plant, or any other utility. He criticises this bill, because the public has not safeguarded the grant of power sufficiently. Under this bill the electors might vote bonds to acquire the properties, to operate them by the municipal government, and if there was any deficiency of revenue as the result of their operation, that deficiency should be entered into the tax list. He asserts that it would be a very easy matter under such a system to have innumerable deficiences piling up. Thus, in the case of street railways, the municipality would be authorized to reduce the fare to a very low figure and create a deficiency; and thus the general public would be made to pay for the operation of a road, whereas the correct principle should be that those who use the roads should pay for such use.

8. Will perpetual franchise pay for municipal ownership?—Professor Bemis believes that when the public is ready to treat the companies having what is known as perpetual franchises as they treat each other it would be a very easy matter to find many legal ways to get rid of those franchises without interfering in any way with the rights of private property. There are certain reserved rights possessed by the people which the courts would recognize. Legislatures could regulate the charges and could tax monopolistic earnings by special forms of taxation. The witness refers to the famous perpetual franchise granted to Robert Fulton and his associates to operate steamboats on the Hudson River, which was declared unconstitutional by the supreme court of the United States.

9. The relation of municipal ownership to labor conditions.—Professor Bemis says that the tendency of public employment is to improve labor conditions. The hours of labor are usually reduced. The municipalities in England attempt to pay the standard trade union rate of wages. Tramways, when operated by private companies had refused to recognize unions and had worked their men very long hours, but as soon as the municipalities took hold of the plant union wages and hours, etc., were introduced.

B. Experience with municipal ownership in the United States:

1. Extent of municipal ownership—Professor Bemis says that there is no instance in the United States of public ownership of street railways except in the case of the railway over the Brooklyn Bridge. There is a rapidly growing number of electric light plants owned by municipalities. The capitalization of private gas plants is $330,346,274; of public plants $1,918,120. Private water companies have a capitalization of $270,752,468, and public plants are valued at $513,852,568.

2. Results of municipal ownership of water plants.—Professor Bemis states that it is difficult to study the water question satisfactorily, but one thing is most conspicuous, that the charges are usually lower under public management, while the service is better. At the same time there has been a reduction of fire risks. There is a growing desire to increase the number of municipal water works. The city of New Orleans is the only instance in the history of the country of the water works plant of any large city, originally started in public hands, going back to private ownership, while in a list of over 50 of the largest cities there are 20 instances of a change from private to public management. Of the 78 cities in the United States having a population in 1900 of over 50,000 only 19 have private ownership of water works, the most important being San Francisco, Omaha, Los Angeles and Memphis.

The witness further states that he has known a great many water works engineers who were very proud of the fact that they were connected with the public enterprise, and

that the sentiment is almost overwhelming that water should be owned and managed by the community.

Professor Parsons asserts that, according to Baker's Manual of American Water Works, charges of private water companies in the United States average 43 per cent. above those of public water works.

3. Municipal ownership of electric light plants.—Professor Bemis says that there is a rapid increase in the extent of municipal ownership of electric light plants in the United States. At present the capitalization of privately owned plants is $265,181,920, and the cost of publicly owned plants is $12,902,677, but the private plants are largely overcapitalized and their cost of construction is not so much greater than that of the publicly owned plants as these figures would indicate. The acquisition of plants would be more rapid were it not that many legislatures, under the influence of corporations, either refuse to allow cities to operate plants or forbid them to sell light to private consumers, restricting them to furnishing public lights. In other cases the terms under which private plants may be acquired are regulated in such a manner as to make acquisition expensive. Thus in Massachusetts the law requires the municipalities desiring to operate electric light plants must first offer to buy out existing plants at a price to be determined by a referee. The law implies that while referees shall not take account of the probable increase in earning power in the future, they are to base their valuation on existing earning power, which is often excessive because of monopoly prices. Several cities complain that they have paid very high prices, much more than the original cost for plants which were worth practically nothing. There is a growing sentiment in this State in favor of more liberal provisions regarding the construction and acquisition of electric light plants.

Professor Parsons introduces the following table as showing the cost of electric lighting in a number of cities which have changed from public to private ownership.

Column 2 is made up of the operating cost plus 5 per cent. of the investment for insurance, taxes and depreciation, and 4 per cent. for interest, except where the actual interest is known.

Cost of electric light before and after public ownership.

City.	1 Price paid private company per street arc just before public operation.	2 Cost per arc, including operating expenses, taxes, insurance, depreciation and interest.	3 Cost under complete public ownership, excluding interest, there being no interest when the people own the plant free of debt.
	$	$	$
Aurora, Ill	325	72	61
Elgin, Ill	228	65	56
Fairfield, Iowa	375	95	80
Marshalltown, Iowa	125	40	30
Bay City, Mich	100	67	58
Detroit, Mich	132	83	68
Allegheny, Pa	180	86	75
Bangor, Me	150	58	48
Lewiston, Me	182	58	52
Peabody, Mass	185	73	62

Mr. A. D. Adams, an electrical engineer of Boston, states that where gas works have been supplanted by electric light plant the result has been more a question of quality than of price. Electricity cannot compete with gas on a private basis, and is se-

lected by the great majority of users because they like it better, though more expensive.

4. Electric light plants in Massachusetts.—Mr. A. D. Adams states that for the last two years he has been investigating the subject of electric lighting in Massachusetts for the purpose of making comparisons between municipality-operated plants and plants operated by private companies. In 1891 Massachusetts passed a law allowing towns and cities to buy existing electric light plants or to build new ones. The law required existing plants to be purchased by municipalities under certain conditions instead of permitting construction of new plants. Three municipalities in Massachusetts operate gas plants in connection with their electric light plants. The investigation of the witness covers 14 cities and towns which operate their electric light plants only. These towns ran in population from a little over 1,000 to a little over 27,000, and the plants have been in operation from 3 to 13 years, two of them having been constructed prior to the passage of the law of 1891.

Mr. A. D. Adams states further that in order to compare the results attained in these municipal plants with the results in private plants it is necessary to reduce all the earnings of the municipal plants to a money basis. In some of the municipalities the plant, in addition to furnishing all the public light, also furnishes light to private consumers. It is a difficult matter to determine the value of public lighting furnished by cities because of the great variance paid for electric lighting in private municipalities in Massachusetts as well as elsewhere. His plan, therefore, has been to take a number of Massachusetts towns and cities, all as nearly as possible of the same population as those having municipal plants, and find the average price in those towns paid for electric light service. For 17 such towns the average price paid for arc and incandescent lighting per lamp hour is 4.7 cents for arc light and 1.2 cents per incandescent lamp. On this basis he finds the value of the public lighting furnished in the 14 municipal plants for the year ending June 30, 1899, to be $173,429.40. The income of those towns from the sale of electric light and power for the same time was $83,948.38, making the total earnings $259,377.78. The operating expenses were found to be $148.493.63, leaving net earnings of $108,884.15. The aggregate total investment for the municipal plants in these 14 towns and cities was $891,591, making the ratio of net earnings for the total sum of money invested 12.3 per cent. These statistics show, says the witness, a higher proportion of profit than in private plants. His comparison is made as follows:

The investments of private corporations in the electric light and power plants in Massachusetts, including Boston and other large cities, are as follows: Capital stock, $10,926,030.40; bonds, $3,771,200; notes payable, $1,933,215.46; or a total capital of $16,630,445.86. Under the law of Massachusetts the stocks and bonds of corporations operating public utility plants can only be issued for money or its equivalent actually paid in, so that the capitalization given represents actual value. The net earnings of these plants in 1899 were $1,699,265.96, or 10.2 per cent. on the investment. This comparison takes in all the large cities of Massachusetts except two or three good sized towns where the electric and gas plants are owned by a single corporation, and consequently includes those cities where the sale of electric light and power is supposed to be more profitable than in the smaller cities where the municipal plants exist, because small towns and cities do not afford so profitable a field for the sale of electric energy as do the large cities.

Mr. Adams stated that the next basis of comparison taken by him is, therefore, with all the electric plants operated by private corporations in Massachusetts cities having less than 30,000 population, there being 43 such cities. The total amount invested in electric light plants in these 43 cities is $3,797,862.56, their net earnings being $246,067.67. The

ratio of net earnings to total investment is found to be 6.4 per cent., as compared with 12.7 per cent. for municipal plants in the 14 cities mentioned. The calculations are based entirely on the 1,200 candle power for arc lights. Most of the plants furnish light only, while two or three of them furnish light and power. There is very little call for electric power in small places.

Mr. Adams concludes, therefore, that the result of his comparison of the 14 cities having municipal control of their electric plants with the cities with private corporations shows that the capital invested by municipalities in electric plants is more economically invested for the community and is earning a better return than capital invested through the medium of private corporations.

The witness states that he found the people in Massachusetts towns very well satisfied with municipal ownership of electric plants. No municipal plants have been bought out by private corporations, but on several occasions the municipal authorities have bought out private corporations. The municipal plants under the law must charge a depreciation of not less than 5 per cent. per year, but so far as the witness knows there is no fixed per cent. of depreciation for the private plants. His explanation as to why the municipal plants show a higher per cent. of profit than the private plants is that the municipal plants are more efficiently and carefully managed. The people in the smaller places where municipal plants are operated are very jealous of any unnecessary expenses, while the State gas and electric light commission takes much interest in these plants, so that it is not possible for them to run into any excessive outlays or to operate at a loss.

There are private gas works in eight of the towns having municipal electric plants. The city of Taunton, which has a public electric plant, has a gas light company with a capital stock of $80,000. These gas plants, of course, reduce the use of electricity by private consumers.

Mr. Adams makes another comparison on the basis of actual prices charged by private companies for public lighting in Massachusetts and the actual cost of operation in municipal plants. The figures in each case are reduced to cents per hour for arc lamps and incandescent lamps. The municipal figures include interest on the plant and depreciation at the rate of 5 per cent. The two tables thus prepared are as follows:

Price per hour paid for street lamps under private operation.

Municipality.	Prices, 1,200 candle-power arc lamps.	Prices, 15-16 candle-power incandescent lamps.
	cents.	cents.
Pittsfield	3.6	1.02
Marlboro	3.8	.74
Amesbury	4.7	1.80
Leominster	3.2	.71
Gardner	4.8	.96
Abington	4.3	.99
Milford	4.6	1.04
Athol	5.5	1.10
Greenfield	4.4	1.40
Andover	5.1	1.07
Framingham	4.6	1.10
Whitman	5.9	.92
Orange	4.6	1.40
Westboro	4.5	1.50
Union	5.8	2.10
Winchendon	5.4	1.09
Amherst	5.9	1.60
Average cost per hour	4.7	1.20

r hour of operation of electric lamps by municipal plants, including interest
ation, year ending June 30, 1899.

Municipality.	Incandescent lamps, 25 to 32 candle-power.	Arc lamps, 1,200 to 2,000 candle-power.
	cents.	cents.
	2.05	8.19
	.98	3.92
	....	3.65
	....	3.21
	1.07	....
	4.34	....
	.59	2.29
	.83	...
ro	.88	....
	.75	2.02
	....	5.85
	....	3.41
	.56	....
	1.38	7.83
	...	6.10
	.55	3.05
	2.01	6.83

its out that this table shows that in the majority of cases the cost per hour
erated by municipalities is lower than the average for the private plants,
es scarcely exceeding one-half the private rate.

alization. Charges under private and public ownership.

apitalization of private municipal monopolies.—Professor Bemis declares
s very slight connection between the cost of construction and the capitaliza-
ate corporations conducting municipal monopolies or utilities. Usuall
n is based on earning power. Often the bonds issued by such corporation
ost of construction, while the stock, even in many cases preferred stock, rep-
the hope of extra profits. Overcapitalization deceives the public as to
reover, investors will pay more for two shares of stock bearing 4 per cent.
n for one share of 8 per cent. stock. Finally, the banking syndicates, which
interested in these corporations, desire large stock issues, because the profit
he stock is greater for the promoters and underwriters.

quently the case in the initiation of these plants that a broker is employed
or floating bonds, and he receives a large block of stock as a bonus. It is
cessary to issue enough stock to obtain the necessary funds, and if stock
ld at par there must be overcapitalization; but if fewer securities were issued
t be difficult to sell them at par; indeed, with the expectation of profit
onopoly prices, stock representing the actual value could be sold much

te says that in authorizing the construction by a private company of a plant
blic service, or in authorizing any consolidation of existing interests, he
le that the investment account or the "initial account," as he calls it, should
in one of three ways:

by agreement between the municipalities and the corporation;
bitration; or
serting the right of eminent domain.

at point had once been established, a proper system with public account-
ermit no addition to that investment unless it was certified to by the State
ing necessary and the money actually invested for the full amount entered
unt.

2. Overcapitalization of street railways.—Professor Bemis says that in Massachusetts there has been since 1885 a fairly effective restriction on the issue of securities by street railway corporations. This has prevented the issue of capital stock except for actual improvements and extensions. We find accordingly that the average capitalization per mile of single track for street railways in that State was $44,683 in 1897. In the rest of the country the average capitalization per mile of single track was twice as great. In nine States in the Mississippi Valley, ranging from Ohio and Kentucky to Minnesota and Missouri, where the same number of cars are operated per mile of track, the average capitalization of street railways was $91,500 per mile. In the Atlantic States, from New York to Virginia, where 23 per cent. more cars are operated per mile of track than in Massachusetts, the capitalization per mile of track was three times as great—$138,600. In 1900 the capitalization of street railways in Massachusetts was only $38,500 per mile, while in the Mississippi Valley, in the States named, it was $91,360, and in the Atlantic State $153,650.

Professor Bemis says further that the steam railroads of the country are capitalized at only $59,610 per mile, while street railways are capitalized at $90,000 per mile. The latter do not have to pay for right of way. The net income above operating expenses per mile of road is more than 50 per cent. greater for street railways than for steam railways, while the entire passenger receipts on street railways are half as great as the passenger earnings of steam railways.

Mr. Foote, while not criticising the testimony of Professor Bemis relative to the capitalization of street railways, calls attention to different items which enter into the cost or capitalization in the several States. In one State the cost might mean simply the laying of the track on the street; in another it might be the laying of track through a street and paving a street for three feet each side of the rails; while in Philadelphia for instance, it means the rebuilding of the street entirely, paving it from curb to curb. Therefore, until all the items which enter into this cost and capitalization are fully known it is impossible to make any comparison that would be of any great value. There is not sufficient information at hand under the different systems of accounting in vogue in different parts of the country to determine the relative merits of public and private ownership of municipal monopolies.

3. Overcapitalization of gas plants.—Professor Bemis declares that a capitalization of $3 or $4 per 1,000 feet of annual product of gas is considered by experts to be ample to cover the real structural value of gas plants. The average capitalization of gas companies in the large cities is about $9 per thousand of annual product. In 1898 the Mutual Fuel and Gaslight Company of Hyde Park, in Chicago, was capitalized at $2.69 per 1,000 feet, and was making a very large profit by selling gas at an average price of 87 cents, but when it entered into combination with the People's Gas Company its capital was raised to $9 per 1,000 feet.

4. Cost of gas and prices.—Professor Bemis says that the report of the United States Department of Labor, recently published, shows that returns of several hundred gas companies indicated an average cost of manufacturing gas and delivering it to the burner aside from taxes, interest and depreciation, of about 46 cents per 1,000 feet. If 5 cents were added for taxes 7 cents for depreciation and 7 per cent. on an average capitalization of $4 per 1,000 feet of annual product (a reasonable capitalization) the cost will be brought up to 86 cents. But the average price of gas charged by the largest companies is $1.14, which indicates an excessive profit. Recently the Mutual Fuel and Gas Company of Hyde Park, in Chicago, reported that the cost of manufacturing gas, aside from interest and depreciation, was 37.45 cents per 1,000 feet. The company further stated the value of its tangible assets at $3.80 per 1,000 feet of annual product. Eight per cent. on this added to the cost would have made the price 67.5 cents. The actual aver-

price was 87 cents, but this was raised to one dollar after the consolidation with the People's Gas Company. In New York City the price until recent years was $1.25, but by an act of the legislature is was reduced five cents yearly, and reached $1 on January 1, 1901.

Professor Bemis asserts further that the differences in the cost of coal do not affect the cost of gas as greatly as is generally supposed. A ton of coal will make about 10,000 feet of gas, so that if coal goes up $1 per ton the cost of gas would increase 10 cents in the absence of residual products, but the value of coke and other residuals rises with the rise of coal, so that the net additional cost from an increase of $1 per ton on coal is only from 5 to 7 cents per 1,000 feet of gas. In the manufacture of water gas four or five gallons of crude oil are used in making 1,000 feet. In Ohio this oil costs two or three cents per gallon, and an increase of 50 per cent. in price would only cause an increase of 6 or 8 cents per 1,000 feet in the cost of gas.

5. Electric plants.—Rates under public and private ownership.—Professor Bemis says that the charges of municipal electric light plants are much lower in general than those of privately owned plants. In many instances public plants are restricted to the furnishing of light for public purposes, so that they could not be expected to operate as cheaply as plants furnishing private lights also. Professor Bemis admits that there is often a misunderstanding in comparing private and public plants from the disregard of interest, depreciation and taxes in calculating the cost of public plants.

In the municipal plants in Chicago, continues the witness, the cost of furnishing an arc light per year was formerly, in 1895, $96.76. By more efficient administration and civil service reform the cost was reduced to $55.93 in 1899. In Detroit there are 2,000 lights under public management, and the operating expenses, which were at first about $102 per year, have been reduced to $66.45, including 4 per cent. on the cost, 3 per cent. for depreciation and a proper amount for taxes. The private company before the construction of this plant offered a ten years' contract at $102 per year, although it also supplied private consumers.

In Allegheny the cost of operating 1,300 arc lights in 1899 was $47.35 each, while by adding 4 per cent. for interest and 5 per cent. for depreciation and taxes the cost is brought up for $71.17. In Pittsburg, across the river, a private company charges from $95 to $100 for the same kind of service.

A large majority of municipal electric plants are allowed to do only public lighting. In England and in Massachusetts municipal plants are allowed also to furnish supply to private consumers.

Referring to the testimony of Professor Bemis, Mr. Foote asserts that while on the face of the report it would seem that there was a saving in the operation of the Detroit electric plant by the city of about $12 yearly per arc light, yet he believes, from personal examination, that if all the items entering into the cost of the operation of the plant were fully known, including interest, depreciation and loss of taxes, it would be found that the saving is more apparent than real. The private company itself could and perhaps would have reduced the price substantially as the city has done. While the accounts of Detroit are as well kept as those of any other municipality, still there is not such uniformity as would warrant a just conclusion on the relative merits of public or private operation of the plant.

6. Street railway fares in England.—Professor Bemis states that in England fares are graduated according to distance in the case of private as well as public management. The tendency under public management is to increase the distance one can ride for a given fare, and a few cities are talking of introducing the uniform fare like America. The uniform fare has already been introduced in a private subway recently completed in London.

lic is greater and that the distances are possible to get the average rates per mile. mile in Glasgow is 12, in Boston 7, in New or 6. The witness does not think that our the Glasgow fares because of the longer dis- the face that fares were reduced under public with lower fares realizes at least as high a ws the possibility of economical and satisfactory the co litions of labor have improved and the better, electric traction having been introduced. hip.—1. General discussion.—Professor Bemis insists o control corporations operating public utilities, and them. There is undue secrecy in the operation of pri- franchises. There ought to be a difference between them They are monopolies in most instances, they get their the city; they are given the right of eminent domain nd the highways. The power which they have over the vileges the public grants them, accordingly justify public Professor Bemis especially favors the requirement that the corporations shall be open to inspection and subject to pub-

public need should be supplied under the management of an be supplied with equal advantage to the user of the service any industrial monopoly, the best interests of the users of the bject of the protection and care of the State. He lays down

ial corporation organized to supply a perpetual municipal need e right to supply the need perpetually.

unts shall be honestly and correctly kept; that economic thrift in every department, and that charges for the use of service shall to the necessary cost of production.

ple in the settlement of this question is that there should be a uni- ounts of all governmental offices and of all quasi-public monopolies. tes from a paper by the State examiner of Wyoming, Mr. Henderson, ic ownership of public utilities and expressing the opinion that a uni- and State supervision would accomplish the desired results much bet- service company should be permitted:

etain from its earnings the interest of its bonded debt.

reasonable interest in the investment.

reasonable profit on the investment.

Sinking fund for the redemption of bonds as they mature.

reasonable amount for maintaining the physical condition of the property. e, if any, should be divided between the company the municipal corporation. blic regulation in Massachusetts.—Professor Bemis says that Massachusetts has street railway and railroad commission and an electric light and gas commis- a very considerable powers to regulate these classes of corporations. These ons have a right to compel the companies to make reports in such manner as fit. They may prescribe the methods of bookkeeping, although, as a matter of has not been done to any extent. They may send auditors to examine the The two commissions do not publish all the facts which they gather as the wit- eve they should do. Moreover they are not supposed to take any direct action mplaint is made by city officials or twenty consumers. If their decisions are

D. Municipal ownership in England.—Professor Bemis thinks the best place to study municipal ownership is in England, because it has had a longer experience than any other country. The movement has, however, been checked there in the matter of water and gas by the high prices that had to be paid to buy out the plants, the private companies there having originally secured perpetual franchises. The keen regard the English have for vested interests in property made the prices of sale high. Within the last ten years, however, some 40 gas plants have changed from private to public management, and over half of the water plants are under public management, while a little over half of the gas sold outside of London is made and sold by municipal plants.

In the case of electric lighting and street railways, which are of more recent development, the public has become aware of the dangers of perpetual franchises, and consequently these latter companies when chartered have been given franchises for very limited periods—21 years ordinarily in the case of tramways and from 21 to 42 years in the case of electric light. In other cases the cities have built their own plants originally. Nearly one-half of all the electrical supply, both for lighting and power purposes is in the hands of the cities. In many cases these two classes of services are combined. The witness further states that his own investigations show that in the case of tramways, electric light and water there is especial satisfaction in England with the results of public management. Whenever it has been made it has been attended with enormous development of plant and output and a large reduction in charges.

In the case of publicly managed gas works one of the greatest difficulties in England consists in keeping the workmen energetically employed the same as in private management. While well paid they do not yet fully appreciate that they are working for the public. Nevertheless, public employment tends to create a higher morale and a better feeling of responsibility than working for private companies. The municipal councils in England are composed of a fine class of business men, they include often prominent labor leaders as well. Some complaint is made by engineers in the public plants that it is harder to get an increase in salary than in a private plant, because of the publicity that is given to subject, but there is more liberality in paying them than there was formerly.

Advantages of municipal operation.—Professor Bemis enumerated several advantages which have come from municipal operation, especially as seen by him in Great Britain. Municipalities charge less than private companies and give the same or even better service. There is a financial advantage in that the municipality can borrow at from 3 to 3½ per cent., which is very much below the rate charged the private companies. In public management there is fully as much enterprise and a greater readiness to introduce the latest inventions; this being accounted for by the fact that they pay higher wages and work the men fewer hours, and therefore feel the desirability of having as much labor saving machinery as possible. The consumption of the product or service has greatly increased. In Great Britain there is very little difference in between public and private corporations aside from interest and dividends. In municipalities better machinery is put in, which counterbalances any tendency to increase the labor cost. In the case of gas the net cost of production is a trifle less in municipal plants than in private companies, although the men are paid better wages. The municipal plants are growing very rapidly, but owing to the fact that they cheapen the price they get along without adding to the force. A better class of men than formerly has been found willing to go into the city council in England and to serve the public in the management of financial interests.

Street railways in Glasgow.—Professor Parsons declares that when the city of Glasgow took over the management of street railways in 1894 fares were reduced at once about one-third. Fares are graduated according to distance. The average fare was at first reduced to 2 cents, but later reductions brought it down to 1¼ cents, while more than 35 per cent. of the fares are only 1 cent. The private tramways had collected a fare of

3.84 cents. It is true that the density of traffic is greater and that the distances are shorter than in American cities, and it is impossible to get the average rates per mile. The average number of passengers per car mile in Glasgow is 12, in Boston 7, in New York, on Broadway, 12, and in Chicago 5 or 6. The witness does not think that our street car companies could afford to apply the Glasgow fares because of the longer distances and higher wages. Nevertheless the face that fares were reduced under public ownership in Glasgow, and that the city with lower fares realizes at least as high a profit as the private company did, shows the possibility of economical and satisfactory public operation. At the same time the co litions of labor have improved and the character of the service is very much better, electric traction having been introduced.

E. Regulation of private ownership.—1. General discussion.—Professor Bemis insists that the municipality has the right to control corporations operating public utilities, and especially to require publicity from them. There is undue secrecy in the operation of private companies holding municipal franchises. There ought to be a difference between them and ordinary private enterprises. They are monopolies in most instances, they get their rights by grants of the State or the city; they are given the right of eminent domain —the right to use the streets and the highways. The power which they have over the public as well as the special privileges the public grants them, accordingly justify public regulation to prevent abuses. Professor Bemis especially favors the requirement that the accounts of these quasi-public corporations shall be open to inspection and subject to public regulation.

Mr. Foote holds that no public need should be supplied under the management of a political monopoly that can be supplied with equal advantage to the user of the service under the management of any industrial monopoly, the best interests of the users of the service being the first object of the protection and care of the State. He lays down two general propositions:

(1) That an industrial corporation organized to supply a perpetual municipal need shall have the exclusive right to supply the need perpetually.

(2) That all accounts shall be honestly and correctly kept; that economic thrift shall be insisted upon in every department, and that charges for the use of service shall bear a fixed relation to the necessary cost of production.

The basic principle in the settlement of this question is that there should be a uniform system of accounts of all governmental offices and of all quasi-public monopolies.

Mr. Foote quotes from a paper by the State examiner of Wyoming, Mr. Henderson, opposing the public ownership of public utilities and expressing the opinion that a uniform accounting and State supervision would accomplish the desired results much better. The public service company should be permitted:

First. To retain from its earnings the interest of its bonded debt.

Second. A reasonable interest in the investment.

Third. A reasonable profit on the investment.

Fourth. Sinking fund for the redemption of bonds as they mature.

Fifth. A reasonable amount for maintaining the physical condition of the property.

The residue, if any, should be divided between the company the municipal corporation.

2. Public regulation in Massachusetts.—Professor Bemis says that Massachusetts has created a street railway and railroad commission and an electric light and gas commission, with very considerable powers to regulate these classes of corporations. These commissions have a right to compel the companies to make reports in such manner as they see fit. They may prescribe the methods of bookkeeping, although, as a matter of fact, this has not been done to any extent. They may send auditors to examine the books. The two commissions do not publish all the facts which they gather as the witness believe they should do. Moreover they are not supposed to take any direct action unless complaint is made by city officials or twenty consumers. If their decisions are

not obeyed they may inflict penalties, although more usually appeal is made to the legislature, which issues special orders. There has been no appeal against the decisions of these commissions for a number of years, until a decision as to the gas company in Haverhill, in 1899, was appealed to the United States courts. The Massachusetts law also requires the consent of these commissions for any increase in capitalization of the corporations.

Referring to the laws of Massachusetts, Mr. Foote states that the commissions created by those laws require reports from all corporations, municipal as well as private, but that there is no uniformity in their accounts. They are kept in a way only sufficient to enable the commission to make its report. The law does not require that the price of the service should be based upon cost plus a proper profit; it does not go far enough.

3. Regulation of public utilities in England.—Professor Bemis states that great interest is manifested in England in the regulation of public utilities, but that the tendency to public ownership is strong. Regulation there is always by act of Parliament. Companies cannot increase their capitalization; they cannot even buy an extra foot of land without going to Parliament for permission, at which time an opportunity is always offered to investigate charges and efficiency of service and to prevent any watering of stock. There is also an auditing of accounts of the companies by central boards. Electric light companies are required to submit complete accounts to examination by the board of trade. The accounts of the municipalities also are very carefully audited by two auditors, one selected by the city council and the other elected by the people at large, and these auditors exercise a powerful influence. The great lesson learned from these attempts at regulation is the importance of publicity of accounts of the municipalities and also of private companies furnishing quasi-public service. The English city governments have thus been preserved from many abuses that exist here.

4. Municipal ownership and private operation.—Professor Bemis states that in Great Britain there were at one time 44 instances of ownership of the street railway track by municipalities with private operation of the railway, but that the companies did not seem to be progressive, and as their franchises ran out the plants are being taken over generally and operated by the municipality. He does not know whether the unsatisfactory character of the operation by the private companies was due to the system of ownership or whether it was due to the limited duration of the franchises, which were for 21 years only. While the English people are opposed to the system it yet has had its benefits in that it enabled them when they did want public ownership to get it more easily and cheaply than in any other way.

F. Uniform and public accounting—Municipalities and public service corporations.—1. General advantages.—Mr. Allen Ripley Foote, editor of Public Policy, of Chicago, believes that there should be uniformity and publicity of accounts of corporations performing quasi-public service and of municipalities, so that the effect of each essential economic factor will be shown to the end that correct comparative statistics may be obtained as a basis for intelligent, economic discussion and legislation. An agreement should be had as to what items properly constitute the cost of public utilities, and those items should be all included in any statement of cost. The correct principle as to the returns which should be made by a corporation which receives a franchise from the public is in the nature of a quid pro quo, the duty of the government being to see that the people get a fair return for the grant. The only way to ascertain whether this is done at all is to have the accounts kept by uniform methods and made public. There should be no secrecy in respect to the corporations. The public is generally willing that a corporation should have a reasonable profit, say 8 or 10 per cent. on its actual investment. When the accounts are properly kept the price of the service can be very readily fixed.

ess of the country were actually done on this basis economic condition would
ı would make the United States master of the world in commerce.
ote asserts that the system of uniform counting as applied to municipal
d, if the accounts are properly audited by the auditor independent of the cor-
nd political parties, make a uniform system of cost in the purchase of all
municipalities, and would tend to create a uniformity of price for the sale of
al product; that no municipality would pay more, for instance, for coal used
ıfacture of gas than any other municipality under the same conditions. A
ıtage of the failures in municipalities come from the fact that men who man-
irs do not know how to figure the cost of the operation of the plant, because
ı of bookkeping is inefficient.
ɔr Bemis thinks that legislation as to publicity of municipal public service cor-
ould have to come from the States, but that there should be uniformity of
ıtion along certain lines. The United States Department of Labor might well
investigations of cities and report upon them annually. While the Depart-
› authority to dictate any form of bookkeeping, it would have an influence in
attention of the country to the need of it the more it tried to get the informa-
assachusetts, in his opinion, the gas and electric light companies admit that
y given to their accounts in that State has been a great benefit to them in
:m what some companies are doing and thus leading them to introduce im-
In the States power should be conferred upon the State auditor to inves-
ıudit the accounts of quasi-public corporations using the streets, and also the
municipalities. While there is nothing radical in this course of procedure, it
e of great results.
ɔr Bemis is of the opinion that inasmuch as public utility companies got their
ist from the State, and are thus quasi-public corporations, the people should
ght to demand publicity as to the cost of construction and operation. There
niformity of accounts in all plants. There is now so much secretiveness that
ıited States Government is not permitted to ascertain any of the facts except
e of absolute secrecy as to names of plants.
ssity of public accounting in national affairs.—Mr. Foote holds that it would
reat benefit to the government if the Interstate Commerce Commission had
:y to go into the accounts of the railroads and audit them as they ought to
and that if such were done the railroad tariffs of the country would be very
ffected. A uniform system of public accounting and independent auditing of
ınts in the new possessions of the government would be of very great benefit
ɔe easy of introduction there.
ɔrm accounting in Wyoming.—Mr. Foote states that Wyoming has done the
n the line of uniformity of public accounts of any State. That State has had
an officer known as State examiner, who has authority to examine the ac-
l the State institutions, and all other accounts affecting the public interest. He
ny public office at any time without notice, and may even turn out the incum-
office if he finds a condition that justifies it. He can compel the attendance
, the production of books and papers. He is responsible only to the governor
. Mr. Foote thinks that the same principle would apply to any of the larger
ssitating, of course, assistance to the examiner where the work required it.
states that the duties of the examiner relate only to purely public accounts
quasi-public corporations operating municipal monopolies.
ɔr Bemis called attention to what he considered the great work now being
ɔming in the auditing of municipal and county accounts. In that State all of
s of the counties and subordinate local bodies have to be audited by the State
prescribes their methods of bookkeeping. The American Economic Asso-

that the sentiment is almost overwhelming that water should be owned and managed by the community.

Professor Parsons asserts that, according to Baker's Manual of American Water Works, charges of private water companies in the United States average 43 per cent. above those of public water works.

3. Municipal ownership of electric light plants.—Professor Bemis says that there is a rapid increase in the extent of municipal ownership of electric light plants in the United States. At present the capitalization of privately owned plants is $265,181,920, and the cost of publicly owned plants is $12,902,677, but the private plants are largely overcapitalized and their cost of construction is not so much greater than that of the publicly owned plants as these figures would indicate. The acquisition of plants would be more rapid were it not that many legislatures, under the influence of corporations, either refuse to allow cities to operate plants or forbid them to sell light to private consumers, restricting them to furnishing public lights. In other cases the terms under which private plants may be acquired are regulated in such a manner as to make acquisition expensive. Thus in Massachusetts the law requires the municipalities desiring to operate electric light plants must first offer to buy out existing plants at a price to be determined by a referee. The law implies that while referees shall not take account of the probable increase in earning power in the future, they are to base their valuation on existing earning power, which is often excessive because of monopoly prices. Several cities complain that they have paid very high prices, much more than the original cost for plants which were worth practically nothing. There is a growing sentiment in this State in favor of more liberal provisions regarding the construction and acquisition of electric light plants.

Professor Parsons introduces the following table as showing the cost of electric lighting in a number of cities which have changed from public to private ownership.

Column 2 is made up of the operating cost plus 5 per cent. of the investment for insurance, taxes and depreciation, and 4 per cent. for interest, except where the actual interest is known.

Cost of electric light before and after public ownership.

City.	1 Price paid private company per street arc just before public operation.	2 Cost per arc, including operating expenses, taxes, insurance, depreciation and interest.	3 Cost under complete public ownership, excluding interest, there being no interest when the people own the plant free of debt.
	$	$	$
Aurora, Ill	325	72	61
Elgin, Ill	228	65	56
Fairfield, Iowa	375	95	80
Marshalltown, Iowa	125	40	30
Bay City, Mich	100	67	58
Detroit, Mich	132	83	68
Allegheny, Pa	180	86	75
Bangor, Me	150	58	48
Lewiston, Me	182	58	52
Peabody, Mass	185	73	62

Mr. A. D. Adams, an electrical engineer of Boston, states that where gas works have been supplanted by electric light plant the result has been more a question of quality than of price. Electricity cannot compete with gas on a private basis, and is se-

lected by the great majority of users because they like it better, though more expensive.

4. Electric light plants in Massachusetts.—Mr. A. D. Adams states that for the last two years he has been investigating the subject of electric lighting in Massachusetts for the purpose of making comparisons between municipality-operated plants and plants operated by private companies. In 1891 Massachusetts passed a law allowing towns and cities to buy existing electric light plants or to build new ones. The law required existing plants to be purchased by municipalities under certain conditions instead of permitting construction of new plants. Three municipalities in Massachusetts operate gas plants in connection with their electric light plants. The investigation of the witness covers 14 cities and towns which operate their electric light plants only. These towns ran in population from a little over 1,000 to a little over 27,000, and the plants have been in operation from 3 to 13 years, two of them having been constructed prior to the passage of the law of 1891.

Mr. A. D. Adams states further that in order to compare the results attained in these municipal plants with the results in private plants it is necessary to reduce all the earnings of the municipal plants to a money basis. In some of the municipalities the plant, in addition to furnishing all the public light, also furnishes light to private consumers. It is a difficult matter to determine the value of public lighting furnished by cities because of the great variance paid for electric lighting in private municipalities in Massachusetts as well as elsewhere. His plan, therefore, has been to take a number of Massachusetts towns and cities, all as nearly as possible of the same population as those having municipal plants, and find the average price in those towns paid for electric light service. For 17 such towns the average price paid for arc and incandescent lighting per lamp hour is 4.7 cents for arc light and 1.2 cents per incandescent lamp. On this basis he finds the value of the public lighting furnished in the 14 municipal plants for the year ending June 30, 1899, to be $173,429.40. The income of those towns from the sale of electric light and power for the same time was $83,948.38, making the total earnings $259,377.78. The operating expenses were found to be $148.493.63, leaving net earnings of $108,884.15. The aggregate total investment for the municipal plants in these 14 towns and cities was $891,591, making the ratio of net earnings for the total sum of money invested 12.3 per cent. These statistics show, says the witness, a higher proportion of profit than in private plants. His comparison is made as follows:

The investments of private corporations in the electric light and power plants in Massachusetts, including Boston and other large cities, are as follows: Capital stock, $10,926,030.40; bonds, $3,771,200; notes payable, $1,933,215.46; or a total capital of $16,630,445.86. Under the law of Massachusetts the stocks and bonds of corporations operating public utility plants can only be issued for money or its equivalent actually paid in, so that the capitalization given represents actual value. The net earnings of these plants in 1899 were $1,699,265.96, or 10.2 per cent. on the investment. This comparison takes in all the large cities of Massachusetts except two or three good sized towns where the electric and gas plants are owned by a single corporation, and consequently includes those cities where the sale of electric light and power is supposed to be more profitable than in the smaller cities where the municipal plants exist, because small towns and cities do not afford so profitable a field for the sale of electric energy as do the large cities.

Mr. Adams stated that the next basis of comparison taken by him is, therefore, with all the electric plants operated by private corporations in Massachusetts cities having less than 30,000 population, there being 43 such cities. The total amount invested in electric light plants in these 43 cities is $3,797,862.56, their net earnings being $246,067.67. The

ratio of net earnings to total investment is found to be 6.4 per cent., as compared with 12.7 per cent. for municipal plants in the 14 cities mentioned. The calculations are based entirely on the 1,200 candle power for arc lights. Most of the plants furnish light only, while two or three of them furnish light and power. There is very little call for electric power in small places.

Mr. Adams concludes, therefore, that the result of his comparison of the 14 cities having municipal control of their electric plants with the cities with private corporations shows that the capital invested by municipalities in electric plants is more economically invested for the community and is earning a better return than capital invested through the medium of private corporations.

The witness states that he found the people in Massachusetts towns very well satisfied with municipal ownership of electric plants. No municipal plants have been bought out by private corporations, but on several occasions the municipal authorities have bought out private corporations. The municipal plants under the law must charge a depreciation of not less than 5 per cent. per year, but so far as the witness knows there is no fixed per cent. of depreciation for the private plants. His explanation as to why the municipal plants show a higher per cent. of profit than the private plants is that the municipal plants are more efficiently and carefully managed. The people in the smaller places where municipal plants are operated are very jealous of any unnecessary expenses, while the State gas and electric light commission takes much interest in these plants, so that it is not possible for them to run into any excessive outlays or to operate at a loss.

There are private gas works in eight of the towns having municipal electric plants. The city of Taunton, which has a public electric plant, has a gas light company with a capital stock of $80,000. These gas plants, of course, reduce the use of electricity by private consumers.

Mr. Adams makes another comparison on the basis of actual prices charged by private companies for public lighting in Massachusetts and the actual cost of operation in municipal plants. The figures in each case are reduced to cents per hour for arc lamps and incandescent lamps. The municipal figures include interest on the plant and depreciation at the rate of 5 per cent. The two tables thus prepared are as follows:

Price per hour paid for street lamps under private operation.

Municipality.	Prices, 1,200 candle-power arc lamps.	Prices, 15-16 candle-power incandescent lamps.
	cents.	cents.
Pittsfield	3.6	1.02
Marlboro	3.8	.74
Amesbury	4.7	1.80
Leominster	3.2	.71
Gardner	4.8	.96
Abington	4.3	.99
Milford	4.6	1.04
Athol	5.5	1.10
Greenfield	4.4	1.40
Andover	5.1	1.07
Framingham	4.6	1.10
Whitman	5.9	.92
Orange	4.6	1.40
Westboro	4.5	1.50
Union	5.8	2.10
Winchendon	5.4	1.09
Amherst	5.9	1.60
Average cost per hour	4.7	1.20

Cost per hour of operation of electric lamps by municipal plants, including interest and depreciation, year ending June 30, 1899.

Municipality.	Incandescent lamps, 25 to 32 candle-power.	Arc lamps, 1,200 to 2,000 candle-power.
	cents.	cents.
Belmont	2.05	8.19
Braintree	.98	3.92
Chicopee	....	3.65
Danvers	....	3.21
Hingham	1.07	....
Hull	4.34	....
Marblehead	.59	2.29
Needham	.83	...
North Attleboro	.88	....
Peabody	.75	2.02
Reading	....	5.85
Taunton	....	3.41
Wellesley	.56	....
Hudson	1.88	7.83
Wakefield	...	6.10
Westfield	.55	3.05
Middleboro	2.01	6.83

He points out that this table shows that in the majority of cases the cost per hour of lamps operated by municipalities is lower than the average for the private plants, in some cases scarcely exceeding one-half the private rate.

C. Capitalization. Charges under private and public ownership.

1. Overcapitalization of private municipal monopolies.—Professor Bemis declares that there is very slight connection between the cost of construction and the capitalization of private corporations conducting municipal monopolies or utilities. Usual capitalization is based on earning power. Often the bonds issued by such corporation cover the cost of construction, while the stock, even in many cases preferred stock, represents only the hope of extra profits. Overcapitalization deceives the public as to profits. Moreover, investors will pay more for two shares of stock bearing 4 per cent. interest than for one share of 8 per cent. stock. Finally, the banking syndicates, which are largely interested in these corporations, desire large stock issues, because the profit in floating the stock is greater for the promoters and underwriters.

It is frequently the case in the initiation of these plants that a broker is employed to arrange for floating bonds, and he receives a large block of stock as a bonus. It is doubtless necessary to issue enough stock to obtain the necessary funds, and if stock cannot be sold at par there must be overcapitalization; but if fewer securities were issued would not be difficult to sell them at par; indeed, with the expectation of profit sed on monopoly prices, stock representing the actual value could be sold much ove par.

Mr. Foote says that in authorizing the construction by a private company of a plant quasi-public service, or in authorizing any consolidation of existing interests, he uld provide that the investment account or the "initial account," as he calls it, should termined in one of three ways:

1. Either by agreement between the municipalities and the corporation;
2. By arbitration; or
3. By asserting the right of eminent domain.

After that point had once been established, a proper system with public account- would permit no addition to that investment unless it was certified to by the State ditor as being necessary and the money actually invested for the full amount entered to the account.

2. Overcapitalization of street railways.—Professor Bemis says that in Massachusetts there has been since 1885 a fairly effective restriction on the issue of securities by street railway corporations. This has prevented the issue of capital stock except for actual improvements and extensions. We find accordingly that the average capitalization per mile of single track for street railways in that State was $44,683 in 1897. In the rest of the country the average capitalization per mile of single track was twice as great. In nine States in the Mississippi Valley, ranging from Ohio and Kentucky to Minnesota and Missouri, where the same number of cars are operated per mile of track, the average capitalization of street railways was $91,500 per mile. In the Atlantic States, from New York to Virginia, where 23 per cent. more cars are operated per mile of track than in Massachusetts, the capitalization per mile of track was three times as great—$138,600. In 1900 the capitalization of street railways in Massachusetts was only $38,500 per mile, while in the Mississippi Valley, in the States named, it was $91,360, and in the Atlantic State $153,650.

Professor Bemis says further that the steam railroads of the country are capitalized at only $59,610 per mile, while street railways are capitalized at $90,000 per mile. The latter do not have to pay for right of way. The net income above operating expenses per mile of road is more than 50 per cent. greater for street railways than for steam railways, while the entire passenger receipts on street railways are half as great as the passenger earnings of steam railways.

Mr. Foote, while not criticising the testimony of Professor Bemis relative to the capitalization of street railways, calls attention to different items which enter into the cost or capitalization in the several States. In one State the cost might mean simply the laying of the track on the street; in another it might be the laying of track through a street and paving a street for three feet each side of the rails; while in Philadelphia for instance, it means the rebuilding of the street entirely, paving it from curb to curb. Therefore, until all the items which enter into this cost and capitalization are fully known it is impossible to make any comparison that would be of any great value. There is not sufficient information at hand under the different systems of accounting in vogue in different parts of the country to determine the relative merits of public and private ownership of municipal monopolies.

3. Overcapitalization of gas plants.—Professor Bemis declares that a capitalization of $3 or $4 per 1,000 feet of annual product of gas is considered by experts to be ample to cover the real structural value of gas plants. The average capitalization of gas companies in the large cities is about $9 per thousand of annual product. In 1898 the Mutual Fuel and Gaslight Company of Hyde Park, in Chicago, was capitalized at $2.69 per 1,000 feet, and was making a very large profit by selling gas at an average price of 85 cents, but when it entered into combination with the People's Gas Company its capital was raised to $9 per 1,000 feet.

4. Cost of gas and prices.—Professor Bemis says that the report of the United States Department of Labor, recently published, shows that returns of several hundred gas companies indicated an average cost of manufacturing gas and delivering it to the burner aside from taxes, interest and depreciation, of about 46 cents per 1,000 feet. If 5 cents were added for taxes 7 cents for depreciation and 7 per cent. on an average capitalization of $4 per 1,000 feet of annual product (a reasonable capitalization) the cost will be brought up to 86 cents. But the average price of gas charged by the largest companies is $1.14, which indicates an excessive profit. Recently the Mutual Fuel and Gas Company of Hyde Park, in Chicago, reported that the cost of manufacturing gas, aside from interest and depreciation, was 37.45 cents per 1,000 feet. The company further stated the value of its tangible assets at $3.80 per 1,000 feet of annual product. Eight per cent. on this added to the cost would have made the price 67.5 cents. The actual average

price was 87 cents, but this was raised to one dollar after the consolidation with the People's Gas Company. In New York City the price until recent years was $1.25, but by an act of the legislature is was reduced five cents yearly, and reached $1 on January 1, 1901.

Professor Bemis asserts further that the differences in the cost of coal do not affect the cost of gas as greatly as is generally supposed. A ton of coal will make about 10,000 feet of gas, so that if coal goes up $1 per ton the cost of gas would increase 10 cents in the absence of residual products, but the value of coke and other residuals rises with the rise of coal, so that the net additional cost from an increase of $1 per ton on coal is only from 5 to 7 cents per 1,000 feet of gas. In the manufacture of water gas four or five gallons of crude oil are used in making 1,000 feet. In Ohio this oil costs two or three cents per gallon, and an increase of 50 per cent. in price would only cause an increase of 6 or 8 cents per 1,000 feet in the cost of gas.

5. Electric plants.—Rates under public and private ownership.—Professor Bemis says that the charges of municipal electric light plants are much lower in general than those of privately owned plants. In many instances public plants are restricted to the furnishing of light for public purposes, so that they could not be expected to operate as cheaply as plants furnishing private lights also. Professor Bemis admits that there is often a misunderstanding in comparing private and public plants from the disregard of interest, depreciation and taxes in calculating the cost of public plants.

In the municipal plants in Chicago, continues the witness, the cost of furnishing an arc light per year was formerly, in 1895, $96.76. By more efficient administration and civil service reform the cost was reduced to $55.93 in 1899. In Detroit there are 2,000 lights under public management, and the operating expenses, which were at first about $102 per year, have been reduced to $66.45, including 4 per cent. on the cost, 3 per cent. for depreciation and a proper amount for taxes. The private company before the construction of this plant offered a ten years' contract at $102 per year, although it also supplied private consumers.

In Allegheny the cost of operating 1,300 arc lights in 1899 was $47.35 each, while by adding 4 per cent. for interest and 5 per cent. for depreciation and taxes the cost is brought up for $71.17. In Pittsburg, across the river, a private company charges from $95 to $100 for the same kind of service.

A large majority of municipal electric plants are allowed to do only public lighting. In England and in Massachusetts municipal plants are allowed also to furnish supply to private consumers.

Referring to the testimony of Professor Bemis, Mr. Foote asserts that while on the face of the report it would seem that there was a saving in the operation of the Detroit electric plant by the city of about $12 yearly per arc light, yet he believes, from personal examination, that if all the items entering into the cost of the operation of the plant were fully known, including interest, depreciation and loss of taxes, it would be found that the saving is more apparent than real. The private company itself could and perhaps would have reduced the price substantially as the city has done. While the accounts of Detroit are as well kept as those of any other municipality, still there is not such uniformity as would warrant a just conclusion on the relative merits of public or private operation of the plant.

6. Street railway fares in England.—Professor Bemis states that in England fares are graduated according to distance in the case of private as well as public management. The tendency under public management is to increase the distance one can ride for a given fare, and a few cities are talking of introducing the uniform fare like America. The uniform fare has already been introduced in a private subway recently completed in London.

D. Municipal ownership in England.—Professor Bemis thinks the best place to study municipal ownership is in England, because it has had a longer experience than any other country. The movement has, however, been checked there in the matter of water and gas by the high prices that had to be paid to buy out the plants, the private companies there having originally secured perpetual franchises. The keen regard the English have for vested interests in property made the prices of sale high. Within the last ten years, however, some 40 gas plants have changed from private to public management, and over half of the water plants are under public management, while a little over half of the gas sold outside of London is made and sold by municipal plants.

In the case of electric lighting and street railways, which are of more recent development, the public has become aware of the dangers of perpetual franchises, and consequently these latter companies when chartered have been given franchises for very limited periods—21 years ordinarily in the case of tramways and from 21 to 42 years in the case of electric light. In other cases the cities have built their own plants originally. Nearly one-half of all the electrical supply, both for lighting and power purposes is in the hands of the cities. In many cases these two classes of services are combined. The witness further states that his own investigations show that in the case of tramways, electric light and water there is especial satisfaction in England with the results of public management. Whenever it has been made it has been attended with enormous development of plant and output and a large reduction in charges.

In the case of publicly managed gas works one of the greatest difficulties in England consists in keeping the workmen energetically employed the same as in private management. While well paid they do not yet fully appreciate that they are working for the public. Nevertheless, public employment tends to create a higher morale and a better feeling of responsibility than working for private companies. The municipal councils in England are composed of a fine class of business men, they include often prominent labor leaders as well. Some complaint is made by engineers in the public plants that it is harder to get an increase in salary than in a private plant, because of the publicity that is given to subject, but there is more liberality in paying them than there was formerly.

Advantages of municipal operation.—Professor Bemis enumerated several advantages which have come from municipal operation, especially as seen by him in Great Britain. Municipalities charge less than private companies and give the same or even better service. There is a financial advantage in that the municipality can borrow at from 3 to 3½ per cent., which is very much below the rate charged the private companies. In public management there is fully as much enterprise and a greater readiness to introduce the latest inventions; this being accounted for by the fact that they pay higher wages and work the men fewer hours, and therefore feel the desirability of having as much labor saving machinery as possible. The consumption of the product or service has greatly increased. In Great Britain there is very little difference in between public and private corporations aside from interest and dividends. In municipalities better machinery is put in, which counterbalances any tendency to increase the labor cost. In the case of gas the net cost of production is a trifle less in municipal plants than in private companies, although the men are paid better wages. The municipal plants are growing very rapidly, but owing to the fact that they cheapen the price they get along without adding to the force. A better class of men than formerly has been found willing to go into the city council in England and to serve the public in the management of financial interests.

Street railways in Glasgow.—Professor Parsons declares that when the city of Glasgow took over the management of street railways in 1894 fares were reduced at once about one-third. Fares are graduated according to distance. The average fare was at first reduced to 2 cents, but later reductions brought it down to 1¼ cents, while more than 35 per cent. of the fares are only 1 cent. The private tramways had collected a fare of

3.84 cents. It is true that the density of traffic is greater and that the distances are shorter than in American cities, and it is impossible to get the average rates per mile. The average number of passengers per car mile in Glasgow is 12, in Boston 7, in New York, on Broadway, 12, and in Chicago 5 or 6. The witness does not think that our street car companies could afford to apply the Glasgow fares because of the longer distances and higher wages. Nevertheless the face that fares were reduced under public ownership in Glasgow, and that the city with lower fares realizes at least as high a profit as the private company did, shows the possibility of economical and satisfactory public operation. At the same time the conditions of labor have improved and the character of the service is very much better, electric traction having been introduced.

E. Regulation of private ownership.—1. General discussion.—Professor Bemis insists that the municipality has the right to control corporations operating public utilities, and especially to require publicity from them. There is undue secrecy in the operation of private companies holding municipal franchises. There ought to be a difference between them and ordinary private enterprises. They are monopolies in most instances, they get their rights by grants of the State or the city; they are given the right of eminent domain —the right to use the streets and the highways. The power which they have over the public as well as the special privileges the public grants them, accordingly justify public regulation to prevent abuses. Professor Bemis especially favors the requirement that the accounts of these quasi-public corporations shall be open to inspection and subject to public regulation.

Mr. Foote holds that no public need should be supplied under the management of a political monopoly that can be supplied with equal advantage to the user of the service under the management of any industrial monopoly, the best interests of the users of the service being the first object of the protection and care of the State. He lays down two general propositions:

(1) That an industrial corporation organized to supply a perpetual municipal need shall have the exclusive right to supply the need perpetually.

(2) That all accounts shall be honestly and correctly kept; that economic thrift shall be insisted upon in every department, and that charges for the use of service shall bear a fixed relation to the necessary cost of production.

The basic principle in the settlement of this question is that there should be a uniform system of accounts of all governmental offices and of all quasi-public monopolies.

Mr. Foote quotes from a paper by the State examiner of Wyoming, Mr. Henderson, opposing the public ownership of public utilities and expressing the opinion that a uniform accounting and State supervision would accomplish the desired results much better. The public service company should be permitted:

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The residue, if any, should be divided between the company the municipal corporation.

2. Public regulation in Massachusetts.—Professor Bemis says that Massachusetts has created a street railway and railroad commission and an electric light and gas commission. with very considerable powers to regulate these classes of corporations. These commissions have a right to compel the companies to make reports in such manner as they see fit. They may prescribe the methods of bookkeeping, although, as a matter of fact, this has not been done to any extent. They may send auditors to examine the books. The two commissions do not publish all the facts which they gather as the witness believe they should do. Moreover they are not supposed to take any direct action unless complaint is made by city officials or twenty consumers. If their decisions are

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not obeyed they may inflict penalties, although more usually appeal is made to the legislature, which issues special orders. There has been no appeal against the decisions of these commissions for a number of years, until a decision as to the gas company in Haverhill, in 1899, was appealed to the United States courts. The Massachusetts law also requires the consent of these commissions for any increase in capitalization of the corporations.

Referring to the laws of Massachusetts, Mr. Foote states that the commissions created by those laws require reports from all corporations, municipal as well as private, but that there is no uniformity in their accounts. They are kept in a way only sufficient to enable the commission to make its report. The law does not require that the price of the service should be based upon cost plus a proper profit; it does not go far enough.

3. Regulation of public utilities in England.—Professor Bemis states that great interest is manifested in England in the regulation of public utilities, but that the tendency to public ownership is strong. Regulation there is always by act of Parliament. Companies cannot increase their capitalization; they cannot even buy an extra foot of land without going to Parliament for permission, at which time an opportunity is always offered to investigate charges and efficiency of service and to prevent any watering of stock. There is also an auditing of accounts of the companies by central boards. Electric light companies are required to submit complete accounts to examination by the board of trade. The accounts of the municipalities also are very carefully audited by two auditors, one selected by the city council and the other elected by the people at large, and these auditors exercise a powerful influence. The great lesson learned from these attempts at regulation is the importance of publicity of accounts of the municipalities and also of private companies furnishing quasi-public service. The English city governments have thus been preserved from many abuses that exist here.

4. Municipal ownership and private operation.—Professor Bemis states that in Great Britain there were at one time 44 instances of ownership of the street railway track by municipalities with private operation of the railway, but that the companies did not seem to be progressive, and as their franchises ran out the plants are being taken over generally and operated by the municipality. He does not know whether the unsatisfactory character of the operation by the private companies was due to the system of ownership or whether it was due to the limited duration of the franchises, which were for 21 years only. While the English people are opposed to the system it yet has had its benefits in that it enabled them when they did want public ownership to get it more easily and cheaply than in any other way.

F. Uniform and public accounting—Municipalities and public service corporations.—1. General advantages.—Mr. Allen Ripley Foote, editor of Public Policy, of Chicago, believes that there should be uniformity and publicity of accounts of corporations performing quasi-public service and of municipalities, so that the effect of each essential economic factor will be shown to the end that correct comparative statistics may be obtained as a basis for intelligent, economic discussion and legislation. An agreement should be had as to what items properly constitute the cost of public utilities, and those items should be all included in any statement of cost. The correct principle as to the returns which should be made by a corporation which receives a franchise from the public is in the nature of a quid pro quo, the duty of the government being to see that the people get a fair return for the grant. The only way to ascertain whether this is done at all is to have the accounts kept by uniform methods and made public. There should be no secrecy in respect to the corporations. The public is generally willing that a corporation should have a reasonable profit, say 8 or 10 per cent. on its actual investment. When the accounts are properly kept the price of the service can be very readily fixed.

If the business of the country were actually done on this basis economic condition would result which would make the United States master of the world in commerce.

Mr. Foote asserts that the system of uniform counting as applied to municipal plants would, if the accounts are properly audited by the auditor independent of the corporations and political parties, make a uniform system of cost in the purchase of all supplies by municipalities, and would tend to create a uniformity of price for the sale of the municipal product; that no municipality would pay more, for instance, for coal used in the manufacture of gas than any other municipality under the same conditions. A large percentage of the failures in municipalities come from the fact that men who manage the affairs do not know how to figure the cost of the operation of the plant, because their system of bookkeping is inefficient.

Professor Bemis thinks that legislation as to publicity of municipal public service corporations would have to come from the States, but that there should be uniformity of State legislation along certain lines. The United States Department of Labor might well continue its investigations of cities and report upon them annually. While the Department has no authority to dictate any form of bookkeeping, it would have an influence in calling the attention of the country to the need of it the more it tried to get the information. In Massachusetts, in his opinion, the gas and electric light companies admit that the publicity given to their accounts in that State has been a great benefit to them in showing them what some companies are doing and thus leading them to introduce improvements. In the States power should be conferred upon the State auditor to investigate and audit the accounts of quasi-public corporations using the streets, and also the accounts of municipalities. While there is nothing radical in this course of procedure, it is susceptible of great results.

Professor Bemis is of the opinion that inasmuch as public utility companies got their right to exist from the State, and are thus quasi-public corporations, the people should have the right to demand publicity as to the cost of construction and operation. There should be uniformity of accounts in all plants. There is now so much secretiveness that even the United States Government is not permitted to ascertain any of the facts except under pledge of absolute secrecy as to names of plants.

2. Necessity of public accounting in national affairs.—Mr. Foote holds that it would be a very great benefit to the government if the Interstate Commerce Commission had the authority to go into the accounts of the railroads and audit them as they ought to be audited, and that if such were done the railroad tariffs of the country would be very materially affected. A uniform system of public accounting and independent auditing of public accounts in the new possessions of the government would be of very great benefit and would be easy of introduction there.

3. Uniform accounting in Wyoming.—Mr. Foote states that Wyoming has done the best work in the line of uniformity of public accounts of any State. That State has had for 10 years an officer known as State examiner, who has authority to examine the accounts of all the State institutions, and all other accounts affecting the public interest. He may enter any public office at any time without notice, and may even turn out the incumbent of the office if he finds a condition that justifies it. He can compel the attendance of witnesses, the production of books and papers. He is responsible only to the governor of the State. Mr. Foote thinks that the same principle would apply to any of the larger States, necessitating, of course, assistance to the examiner where the work required it. He further states that the duties of the examiner relate only to purely public accounts and not to quasi-public corporations operating municipal monopolies.

Professor Bemis called attention to what he considered the great work now being done in Wyoming in the auditing of municipal and county accounts. In that State all of the accounts of the counties and subordinate local bodies have to be audited by the State auditor, who prescribes their methods of bookkeeping. The American Economic Asso-

ciation, the New England Waterworks Association and other like bodies are agitating the extension of this style of bookkeeping to other States and municipalities, and its application to local monopolies in private hands.

4. Views of the State examiner of Wyoming.—Mr. Foote introduced as a part of his testimony a paper read by Mr. Harry B. Henderson, State examiner for Wyoming, before the League of American Municipalities at Charleston, S.C., in December, 1900, the substance of which was as follows:—

The system of uniform accounting and public auditing or examination superinduces a higher standard and morals among office-seekers and office-holders, and lessens the burdens of taxation. The territory of South Dakota was the first to provide for a territorial examiner, whose duties, however, were quite limited and superficial. Minnesota afterwards provided for an examiner, and included in his duties the examination of accounts of building associations, but Wyoming was the first and only State to provide so far to provide thorough examination of the accounts of all State, county, and local officers, accounts of the State institutions and the State banks, and, in fact, every public account. The only opposition to a measure of this kind came from office-holders, school-book companies, bridge companies, individual members of boards of trustees, etc., none of whom had any material interest in the economical administration of the affairs of the government.

Mr. Henderson defines uniform accounting as being a system of accounting where all the accounts are kept alike, or in the same regular form; so that if an officer from one county should go into a similar office in another county he would at once be able to keep the accounts and perform the duties of the office.

The principal objects sought to be accomplished by having a system of uniform accounting are: (1) To prevent the lavish expenditures in the use of public moneys by public servants; (2) that public affairs should be administered as carefully as private interests; (3) that in the administration of public affairs an equivalent should be rendered for every dollar expended; (4) that it is necessary to a correct determination of the policy of municipal ownership to have a uniform system of accounting so as to determine the cost of construction and operation of any particular industry; (5) that it is the right of every taxpayer to have public accounts so kept that the various expenditures made for any purpose whatever should be clearly shown; (6) that the principle is an evidence of progress and forms the base upon which the revenues for the support of the government can be estimated with a reasonable degree of certainty.

Mr. Henderson, in his paper, asserts that there are many advantages to be derived from the supervision of public accounts, among which he enumerates:—

First. A curtailing of public indebtedness. In this connection he states that in Wyoming he has succeeded in the enactment of a law making it an offence to create any floating indebtedness in excess of the actual receipts of the current year, and providing that any such indebtedness shall be null and void, but shall operate as a lien against the officers creating the same and their bondsmen. The result of this is that every county in the State is now on a cash basis, and the expense of maintaining the county and municipal governments has been decreased.

Second. State supervision eliminates the opportunities for embezzlements, and at the same time corrects the innocent mistakes of fiduciary officers.

Third. This system reduces taxation.

5. General interest in public accounting.—Mr. Foots states that within the last 2 or 3 years the movement in the direction of uniformity of accounts has grown very rapidly. There are some 12 or 14 organizations, representing every species of public utility, and different organizations of municipal reformers, at present on record in favor of initiating this system of accounting, and they have committees appointed studying the question.

He calls attention to certain proposed bills. prepared by himself, which he states will be introduced in many of the legislatures in their next session.

The League of American Municipalities adopted the following resolution in 1900 :—

"Resolved, that uniform municipal accounting is desirable, and that the Executive Committee of this League is authorized to co-operate with other organizations to that end, through its president and secretary, or in such manner as it sees fit."

G. Street railway development and problems.—1. Effect of application of electricity to street railway systems.—Hon. Charles Francis Adams, of Boston, says that the introduction of electricity has entirely changed the character of the street railway systems and is really introducing a subordinate system of railroads. The motive power is the only difference between the street railways and the railroads. All the conditions in respect to street railways have changed, so far as speed is concerned, and they are rapidly changing with regard to their methods of doing business. Sometimes the street railways go through at least a dozen municipalities and operate roads 50 miles in length. The time is not remote when these street railways will have to be operated at a rate of speed which has hitherto been incompatible with the joint use of the street with other conveyances. In order to perform their functions they will have to run very large cars close together. They will have to carry freight and do other things not done in the past. The cars are now being made very much heavier than used to be the case, and the solidity of the track used is not in any way different from that of the railroad. With the heavy cars and the solid track, a very great rate of speed can be made with safety.

2. Growth of street railway systems.—Mr. Adams says that, although the recent growth of street railway systems has been very great, the appliances and methods are all tentative and elementary, and the street railway systems are going to be developed to an extent beyond anything which can now be realized. The time will soon come when there will have to be a separation of the highway from the railroad traffic. In the cities there will be elevated roads or subways ; in the country districts, instead of running on the streets, as is now the case, the street railways will run on private rights of way. In the west street railways now run for miles and miles on private rights of way through the country.

3. Legislation for street railway franchises.—Hon. Charles Francis Adams, of Boston, says that in order to secure satisfactory results from our street railways systems there will have to be a great deal of new legislation. We must go back in legislation and build from a new foundation. A new power is come into existence which requires radically another treatment from anything we have had in the past. It would require great study to determine what legislation should be enacted. The one thing that is clear is that there should be such legislation as would permit the separating of highways and street railroads.

Hon. Charles Francis Adams, of Boston, says that the street railway companies of Massachusetts are organized under a general law, but have to obtain their franchises from each municipality in which they operate. This system of local franchises is part and parcel of the old theory that a street railway is merely a matter of local interest, whereas to-day the street railways run through a number of different towns and have to face the regulations and the select men of those different towns and satisfy them : The system works badly, and is an impossible one under present conditions.

Mr. Adams further says that in Massachusetts railways have always had indefinite franchises ; that is, franchises subject to revocation at any time by the local authorities. It is an absurd system of tenure, and it would not have been expected that any large investment of capital would have been made under it ; but, as a matter of fact, it has been found that more satisfactory results, political and economical, have been produced under it than under any other system yet devised. In many of the Western States, where

limited time franchises subject to renewal have been granted, the renewal of the franchises has been one of the crying causes of municipal corruption.

4. Comparison between American and European street railways.—Mr. C. F. Adams says that there is not a street railway system in Europe that he has seen or has knowledge of which would bear comparison with the street railway systems in American cities. Everything up-to-date which the European cities have is purely American. All the companies want is to get their money back, and they get it back by giving the poorest of accommodations and by managing their traffic in the most niggardly way. The European municipalities are very restrictive. They have been so afraid of being cheated that they cheat themselves and will not give an opportunity for that development which is esssential to any enterprise. The Glasgow street railway system is nothing but a very imperfect American system. Fares are graded according to the distance travelled. There is no system of transfers, such as is found in this country, by which a passenger can ride 15 or 20 miles for 10 cents.

5. Massachusetts Electrics Company.—Mr. Jackson, a member of the Massachusetts State Board of Railroad Commissioners, says that the Massachusetts Electrics Company is an unincorporated association, which owns stocks in certain street railway corporations, very largely in eastern and southeastern Massachusetts. These stocks stand in the names of certain persons as trustees. The trustees, who are 15 in number, have a legal title to the stock, and control the management of the street railway corporations which they own by voting the stock. They exercise practically the ordinary duties of a board of directors. The association issues preferred and common shares and has so-called capital stock. Strictly speaking, the association has no stock. It has no shares known to the laws which cover the issuing of stock and which limit the purposes for which stock may be issued. Mr. Jackson's understanding is that the Massachusetts Commissioner of Corporations does not pass upon the ownership of the certificates issued by this company.

In order to equalize things and to make the prosperous companies help out the weaker companies, there might be a temptation for the trustees to improperly manage some particular company or companies which they control, but these trustees are governed by the same laws which apply to the ordinary holders of stock. The Massachusetts Board of Railroad Commissioners, in passing upon questions which come up in connection with the street railways controlled by these trustees pays no attention whatever to the ownership of the stock. The financial interests of affairs of the Massachusetts Electrics Company receives no consideration from the Board of Railroad Commissioners. Mr. Jackson thinks that the certificates issued by the Massachusetts Electric Company aggregate something more than the actual investment value.

6. Boston street railway system.—Mr. J. F. Jackson, a member of the Massachusetts State Board of Railroad Commissioners, says that the Boston Elevated Railway Company now controls all the surface street railways operated in Boston. There is only one suburban company independent of the Boston Railway Company, which makes Boston its terminal. There are two distinct methods of street railway operation now in Boston—subway and surface. The elevated railway will be in operation very soon. The elevated system goes from one end of the city to the other, and passes through the congested districts; the subway is in the congested district itself; the surface roads are in both suburban and congested districts. The general opinion is that the subway has been a success.

7. Vestibules on street cars.—Mr. Jackson, a member of the Massachusetts State Board of Railroad Commissioners, says that a statute was passed in Massachusetts making it mandatory upon all street railways outside of Boston to have vestibules on the cars during certain winter months, for the protection of motormen and conductors. It was

contended by the Boston Elevated Railway Company that vestibules would be dangerous in some of the narrow streets of Boston.

The legislature referred to the Board of Railroad Commissioners one question, viz.: Whether or not it was consistent with safety that the Boston Elevated Railway Company should use vestibules on its street cars. The board held several public hearings, and made inquiries all over the United States and Canada, with the result that it decided that vestibules could be used with safety under proper conditions. As a result of that decision the Boston Railway Company must equip its cars within a certain number of years with vestibules. In order that there might be no injury done, however, the board interpreted the statute so that the company is to test the vestibule in the most difficult places first. If the decision of the board, that vestibules are safe is proved to be erroneous, it may recall its recommendation.

FINAL REPORT OF THE UNITED STATES INDUSTRIAL COMMISSION.

The Industrial Commission's Final Report is found in the nineteenth volume of the series. The report does not deal with the question of Municipal Utilities, but following it is a supplementary statement by Mr. Thomas W. Phillips, First Vice-President of the Commission. Mr. Phillips says:

MUNICIPAL MONOPOLIES.

U. S. House Doc's, 57th Cong., 1st Sess., Vol. 82, p. 681, et seq.

Water, gas, electric light, and street railway plants have an existing capitalization to-day of over $3,630,000,000, or more than that of all the industrial combinations reported upon by the Twelfth Census. Twenty-five street railway companies alone report to the Street Railway Journal gross receipts in 1900 of $125,000,000, of which nearly one-half was profit. A single street railway, the Metropolitan, of New York, has outstanding securities of a par value of $158,000,000, and a market value of over $200,000,000, while the Consolidated Gas Company, of New York, has outstanding in its own securities and in the securities of gas and electric light companies owned by it in the neighborhood of New York, over $140,000,000. The capitalization of each one of these two companies is only exceeded by one trust, the United States Steel, and their market value by only that of the Standard Oil Company.

A huge monopoly of $116,000,000 in securities of lighting plants and street railways has just been organized in and about Pittsburg. A still larger combination, the so-called Everett-Moore Syndicate, is developing 1,600 miles of street railways from Cleveland, Ohio, to northern Michigan. The United Gas and Improvement Company not only operates the gas works of Philadelphia, but owns and operates similar plants in Jersey City, Kansas City, Des Moines, Atlanta, and forty other places. Almost equally large are the lighting and street railway plants of Chicago and of eastern Massachusetts. A noticeable fact is the extent to which the directors of the largest trusts are also the owners of the stocks of these cities' monopolies, as well as of the telephone and railroads.

Regulation has been tried with some success in the State of Massachusetts, with the result that the 1,973 miles of track, with an average of 4.5 cars per mile, are capitalized at only $42,242 per mile, while the 18,469 miles of such track in the rest of the country, with an average of 2.9 cars per mile, are capitalized at $100,150 per mile. The Massachusetts Gas and Electric Light Commission has kept down the capitalization of the lighting plants, outside of Boston, but the people of Massachusetts have shown that they were not altogether satisfied with the results accomplished, and are now operating in 17 cities electric lighting plants, and in three places gas works, for both public and private consumers, and the movement in that direction is steadily growing. The commission has not been as successful in reducing prices as in checking capitalization.

The public are, after all, more interested in the former than in the latter. The United States Supreme Court has lately decided three important cases which will greatly increase the power of State Legislatures and City Councils to reduce exorbitant charges of municipal monopolies. Although the cases refer only to water companies, they relate, equally, of course, to any other monopolies similarly situated. In the Rogers Park water case, decided March 25, 1901, the court said:

2. An ordinance granting an exclusive franchise to a water company, with the right to use streets, requiring the municipality to pay certain rentals, and binding the grantee, among other things, to furnish an adequate supply of water, does not give a contract right to charge the rates named in the ordinance for the whole period of the franchise by virtue of a provision that the grantee "shall charge the following annual rate to consumers of water during the existence of this franchise," as this is merely a regulation of the right to charge rates, and does not amount to a stipulation that no other regulation shall be made during the term of franchise.

In the Freeport case, decided at the same time, the court held:

3. The power of a municipal corporation to grant exclusive privileges must be conferred by explicit terms. If conferred from other powers, it is not enough that the power is convenient to other powers; it must be indispensable to them.

4. A contract giving a water company the right to charge certatin rates for thirty years without interference by new ordinances changing rates is not authorized in Illinois, act April 9, 1872, empowering cities and villages to contract with such companies for a supply of water for public use for a period not exceeding thirty years, and Illinois, act April 10, 1872, empowering such municipalities to authorize persons and private corporations to construct and maintain waterworks "at such rates as may be fixed by ordinance and for a period not exceeding thirty years," since, under the rule requiring strict construction of such grants, the clause "for a period not exceeding thirty years" qualifies the words "construct and maintain," but does not qualify the words "at such rates as may be fixed by ordinance."

While public regulation can be carried very far under these decisions and under the precedents established in Massachusetts, there are likely to result such demoralizing relations between these uniformly powerful franchise holders and public bodies seeking to regulate them as to increase rather than diminish the growing tendency toward municipal ownership and operation.

In 1897 the United States Department of Labor found that 53.7 per cent. of the water companies, embracing nearly 80 per cent. of the invested capital, were publicly owned and operated. In electric light the public plants were only 15.2 and 8.7 per cent., respectively, while in gas only 1.5 per cent. of the companies, and less than 1 per cent. of the invested capital were in the hands of municipal bodies. Even of the electric light companies that are in public hands, the greater majority, including all the larger plants, are as yet unable to secure from State Legislatures the opportunity to sell to private consumers, and consequently are not able to show as great economies as would otherwise appear.

The most improved and largest of important plants is that of Chicago, which was started in 1887, and now supplies about 4,500 street arc lights. It is the largest municipal light plant in the world, and, despite severe handicaps for a long time through poor management and the spoils system, it has during the last five years been so well managed as to have nearly paid for itself and for all the interest on the cost of the plant out of the difference between its operating expenses and what it would have had to pay to private companies for the same amount of light. This is on the basis of the price per light which the city has continued to pay private companies for lighting a large number of streets which until lately the city plant could not reach.

The Detroit plant supplies over 2,000 arc lights at one-third less cost per year, including even interest, depreciation, and allowance for the taxes that a private company would pay, than the city could secure by contract for a period of ten years with a private company at the time the plant was built. Allegheny, Pa., with over 1,400 arc lights, supplies light at a cost, including interest, depreciation, etc., nearly one-fourth less than that which Pittsburg, directly across the river, has been able to secure from a private company during the last ten years.

Mr. A. D. Adams, electric engineer, gives the commission the results of a most interesting study of municipal management of electric light plants in Massachusetts, where the data of both the public and private plants can be largely relied upon. He found that if the municipal plants are credited for the same value for the light furnished for both streets and public buildings as is charged for the same amount of light by the private plants of the same size in the State, it would appear that the public electric light plants, besides charging private consumers a little less than these private plants are doing, are earning 12.2 per cent. a year upon the investment, while the private plants properly to be compared because of the same size, are earning only 6.4 per cent. Part of the difference can be accounted for by the taxes and possibly greater allowance for depreciation of the private plants. The rest of the larger profit of the municipal undertakings must be due, as Mr. Adams suggests, to their "more efficient and careful management."

In Europe municipal operation is rapidly increasing. All the boroughs of Scotland and 184 of the 205 of England own their waterworks. Half of the gas sold in Great Britain outside of London is supplied by public bodies, and London would soon have public management of both gas and water if the London County Council could obtain the consent of Parliament.

Municipalities own over 55 per cent. of all the street railway tracks of the kingdom. and yearly operate an increasing percentage of the track owned.

From 1895 to 1899, the last year for which the facts are at hand, the supply of electrical energy by private companies for light and power increased from 20,566, 128 units, known technically as kilowatt hours, to 56,883,927, or 176 per cent., while the supply by municipal plant rose from 9,637,638 units to 68,232,688, or 608 per cent.

The private companies charged 30 per cent more than the public plants, and made 5.45 per cent. more on their investment. The publicly-owned companies made 4.9 per cent., but would have made 8.2 per cent. had they sold the same amount of energy at the higher prices charged by the private companies. The municipalities, because of somewhat larger plants or greater progressiveness, or apparently for both reasons, produce electrical energy cheaper than their rivals. The net profits, after paying as large depreciation charges and taxes as the private companies, made from 4.2 per cent. to 7.5 per cent. on the outstanding capital of water, gas, electric lights, and street railways. Hence indebtedness contracted by such profitable undertakings does not disturb the British taxpayer.

Municipal superiority is manifest even in the gas business, where private companies enjoying perpetual franchises cannot claim, as do the street railway and electric lighting companies, that they are handicapped by the short duration of their grants.

"THE FAILURE OF MUNICIPAL OWNERSHIP."

Under the above title H. H. Vreeland, President of the Metropolitan Street Railroad, of New York City, has an article in the New York Independent of May 17, 1900, pp. 1165-8. He asserts that New York street railways give more for the money than Glasgow does. In Glasgow a man may ride eight miles for two pence; in New York,

by means of transfers, of which there are none in Glasgow, he may ride fifty miles for the same money. It is true that in Glasgow one may ride half a mile for half a penny, "but I don't see that's any advantage, for if one only wants to go half a mile it is healthier to walk—and in Glasgow, quicker." Wages in Glasgow are only two-thirds of New York's rate.

New York Independent, 1900, p. 1166.

When a committee of the Legislature of the State of New York examined this matter of municipal ownership and control of public franchises in 1895, it was found that the most advanced advocates of municipal reforms of various kinds had abandoned the original demand for municipal operation. Dr. Albert G. Shaw said: "I have never dreamed of advocating municipal ownership in the City of New York. I have never thought of it as a remedy." Mr. Robert B. Roosevelt said: "I am not in favor of Government control of any more businesses." Another gentleman quoted the Mayor of Glasgow as saying that he was of the opinion that the city should not own its own street railroads. Mr. Louis Windmuller said: "I think the business is better conducted by private enterprise; more honestly and economically than it would be under the municipal government's control."

The report which the committee of the Legislature made on the testimony taken says:

"We have attempted to give all classes an opportunity to be heard on the question of municipal ownership, and many have appeared before the committee and expressed their views, giving their reasons for or against the various municipalities of the State embarking in this business. But few have advocated the ownership and operation of railroads by the cities. The preponderance of testimony taken and the majority of opinion expressed before this committee are against the subject so commonly referred to as Municipal Ownership. It is obvious under our present system of municipal government that the ownership and operation of railroads by the cities and municipalities would have a tendency to convert these enterprises into powerful political machines, the results of which would be detrimental to the public welfare. Under all the conditions and circumstances it would seem that the ownership and operation of street railways by the municipal authorities is quite impracticable at the present time. As an abstract proposition we believe that no government, national, State or municipal, should embark in a business that can be as well conducted by private enterprise. The reverse of this proposition carried out to a logical conclusion would put all business enterprises under government management and control, and leave to no citizen any hope, ambition, or aspiration beyond that of seeking an official position that affords a meager existence. . . . . .

Mr. Dixon Henry Davies, speaking before the London Society of Arts, said recently that about all the English municipalities have thus far done with electric lighting is to tie it up so that private enterprise is afraid to touch it. In 104 cases local authorities have obtained and are holding "provisional orders" granted by Parliament for electric lighting, etc., without doing anything to carry the powers into effect. Private corporations dealing with the matter have been kept out, and the progress of towns retarded.

To return to matters nearer home. I notice that last month Mayor Hart, of Boston, discontinued several municipal undertakings, particularly the electrical construction division and repair division, for the reason, as he states, that in his opinion "it is cheaper for Boston to buy repairs" and electrical construction in the open market than in offices, the members of which owe their appointment to politics."

MUNICIPAL FUNCTIONS.

In Municipal Affairs for 1898, Vol. 2, p. 577, is a 220-page article on the Evolution of the City, by Milo Roy Maltbie, the editor of the paper, a well-known student of and writer on municipal topics. Here follows an extract from chapter 10, embodying some of his conclusions :—

Municipal Affairs, 1898, Vol. 2, pp. 759-768.

The Growth of Modern Cities.—The ancient world never saw such gigantic cities as at present exist. Prior to eighteen hundred, Rome was the largest city which the world had ever seen. But Rome itself never contained a population of more than one million, probably barely more than five hundred thousand ; and Thebes, Memphis, Babylon, Nineveh, Jerusalem, Athens, Alexandria, Constantinople and other large cities of ancient history never exceeded this figure. Carthage, at the height of its power, did not possess more than eight hundred thousand. The wonderful development within the last century is shown in the following table, which tells this story :—From 1800 to 1890 the proportion of the population living in cities of 10,000 and over, increased in the United 626 per cent.; in England and Wales, 190 per cent.; in Prussia, 314 per cent., and in France, 173 per cent. In 1800 no city in the United States had more than 100,000 ; in 1890, 15.5 per cent. of the entire population resided in cities over 100,000. In England the ratio increased 227 per cent.; in Prussia, 617 per cent.; in France 328 per cent. This movement of population to the larger cities dumfounds one. Yet these figures do not full portray conditions, for the urban centre grows more rapidly than the municipality extends its area, and if we could get the statistics for urban centres instead of for municipalities, a still greater concentration would be shown.

Percentage of total population dwelling in cities.

Counties.	1800.				1850.				1890.			
	Year.	100,000 +	20,000 +	10,000 +	Year.	100,000 +	20,000 +	10,000 +	Year.	100,000 +	20,000 +	10,000 +
United States	1800	0 00	3.8	3 8	1850	6 0	9.8	12 0	1890	15.5	23.8	27.6
England & Wales.	1801	9 73	16 94	21.3	1851	22.58	35 0	39 45	1891	31.82	53 58	61 73
Prussia	1816	1 8	6 0	7.25	1849	3.1	7.8	10 63	1890	12.9	23 0	30 00
France	1801	2 8	6.7	9.5	1851	4.6	10.6	14.4	1891	12 0	21.1	25.9

Concentration of Population Increases Collective Action.—The first principle to be noted, and one which owes much of its force to the foregoing statistics, is that as concentration of population increases, collective action becomes more advantageous and applicable to a greater range of activities. In sparsely settled rural communities the maintenance of schools is expensive and difficult. The whole system is inefficient and wasteful. City schools, upon the contrary, are most efficient, and the cost is relatively low. A child may attend a public kindergarten several years before he can enter a country school, and usually has the opportunity of graduating from a free city high school, a privilege he seldom, if ever, enjoys in rural communities.

In other departments of administration the same tendency is manifest. Country roads are merely trails across the prairies. The paved street supersedes the rural highway, not simply because constant use renders it necessary, but because the concentration of population has made it possible to pave the streets without crushing the taxpayers. Water works, gas works, electric lighting plants, street railways, fire departments, public parks, libraries, museums, and a host of other conveniences, can exist only where there is a considerable density of population.

Inventions and Discoveries.—Closely associated with this fact is another of equal importance, viz., the wonderful development of inventions and scientific discoveries, which has introduced many new problems and rendered many more complex. The application

of steel to building construction, for example, has led to municipal regulation of heights of buildings, and brought before the fire departments many questions yet unsolved. Moreover, the constant introduction of new inventions and changes in methods of production call for every effort on the part of each community to enable it, and its workers, especially to retain their position in the industrial system. There is thus more need for governmental action, not only in the way of caring for those who cannot adjust themselves to the new conditions, but also in the way of providing facilities whereby others may be enabled successfully to meet these conditions when they appear. The modern city must spend large sums of money for schools, hospitals and poor relief. Education cannot be confined to elementary subjects nor to general culture, but must include manual training and instruction in the arts and sciences. Further, the economic changes of the last century are indirectly the principal cause of the growth of municipal Socialism, for without them the large cities of the new world would not have been created, and many of the extensive functions now exercised would never have been necessary.

MUNICIPAL MONOPOLIES.

Competition a Failure.—This wonderful industrial development and the rapid concentration of population it has produced, are the chief causes for the existence of the problem of public control of monopolistic services, the most important of which are water supply, gas and electric lighting, street railways, telephones and subways. When these industries first came into being, cities undertook to follow the plan which usually works fairly well in rural communities, viz., to depend upon competition to regulate rates. Franchise rights in the same streets, or parallel streets were given to different companies. But competing water, gas and electric lighting companies made necessary the duplication of mains. Two or more systems were frequently laid where one would have given ample service. Two sets of street car tracks were constructed where one would have carried all the traffic. Separate plants were built and maintained, still further increasing the capital invested and the operating expenses. The companies soon perceived the numerous benefits of combination and consolidation or an agreement to divide the field immediately followed. For a long time people refused to admit the failure of competition. Various plans were proposed to prevent combination. Occasionally a new company would be organized amid high hopes, but it was seldom long before it sold out, and then conditions were worse than ever. The capital of the newly-consolidated company was increased, and the expense of municipalization thus made still greater. Finally free competition was admitted to be impracticable, wasteful, and the search begun for some system of public control.

Undeserved Profits.—The movement in this direction has been accelerated by the prevalent belief that water, gas, electric lighting, street and railway, telephone and other companies of a similar nature have been making unusually large profits. The citizen knows that the stock of certain companies is quoted from 200 to 300, and that in the past it has been much higher in several instances. The fact that many street car companies do not pay annual dividends of more than two or three per cent. does not appeal to him. He knows that stock is often so heavily watered that two per cent. upon the face value may amount to a very large return upon the money actually invested.

If the investigation is pursued further to ascertain whether these unusual profits are deserved, whether they more than counterbalance the risks involved, and whether they exceed those in other lines of business, the citizen learns from the political economist that in certain industries an increasing density of population is invariably accompanied by increased consumption and decreased cost per unit. After the mains were laid and the plant constructed, gas, water or electricity for example, can be furnished much more cheaply per unit to 500,000 than to 400,000 persons. The street car companies can carry 200,000 persons per day at a comparatively slight advance over 100,000. The gross receipts

are doubled, but the expenses do not increase proportionately. If the city increased in population simply by the growth and annexation of suburbs, the extension of lines might consume temporarily more than the increased receipts. But cities do not grow only upon the margin. Their centres are reconstructed—always towards more dense occupation; vacant lots are built upon and high buildings constructed. And the income from increased traffic or consumption due to increasing density is almost entirely clear gain.

The private citizen soon comes to look at the case much in this light: A certain corporation or corporations have secured control of a monopoly through no very extraordinary foresight or ability. A certain price has been fixed at which a given service is supplied, a price which perhaps yields only a fair profit. As the city grows and as the density of the population increases, this industry becomes very remunerative, the profits increase enormously. The corporation thus receives most of the benefits from conditions which it has had little or no hand in creating. The citizen asks himself: Is this just? Should not the unusual profits which result from the concentration of population, the crowding of people into tenements and apartment houses and the migration from rural to urban districts be distributed among those who have made these unusual profits possible? The private citizen sees no way under a system of laissez faire whereby he may secure his share either through reduced prices or more frequent transfers. Competition has failed. Public opinion has no effect. Government action seems the only solution, and the citizen turns to the municipality to assist him in achieving his rights.

Compensation vs. Lower Prices.—Now there are two ways in which the municipality as a unit may reduce the extraordinary profits, "the unearned increment." (a) Compensation may be demanded when franchises are granted; the companies required to pave streets, clean them, remove the snow or pay a cash bonus. (b) Or they may be compelled to lower prices. By the former method the property owner will be benefited principally, if not entirely. If prices are reduced or transfers more freely given in the case of street railways, the laboring man is the principal gainer, for his expenditure for water, gas, electricity and transportation is a much more important item to him than to the banker, the merchant or the broker. Consequently the man who is not a property owner or taxpayer demands lower rates and fares rather than increased compensation. To speak more exactly, the man whose expenditures for car fare, gas, water and electric lighting exceed his taxes is apt to demand lower prices rather than greater cash payments to the city, especially if he considers the question from a purely personal point of view. This class is growing larger year by year, and wherever universal suffrage exists it is the dominant factor. The labor organizations have fully realized these facts, for everywhere they are demanding lower prices rather than increased compensation to the city, and municipal operation is favored largely because it appears to offer a convenient method whereby lower prices may be substituted for high prices, and the profits, which have heretofore passed into private hands, may be distributed among those who have made them possible. Wages are usually better and hours of labor shorter under municipal operation, which furnishes an additional incentive.

A NEW PLAN FOR MUNICIPAL CONTROL.

Municipal Affairs, Vol. 2, 1898, pp. 315-6.

An interesting experiment is being tried in Indianapolis in the way of "A New Plan for Municipal Control of Quasi-Public Works." The plan was formulated by Mr. Potts, an attorney in Indianapolis, and has been quite successful as applied to the furnishing of natural gas to the residents of that city at a very low price. Mr. Forrest describes this plan in the May number of The American Journal of Sociology, and discusses its practicability at some length. The following brief extracts give a general outline of the scheme:—

"(1) A stock company is formed, and, by the terms of corporation, the stockholders assign their shares to a self-perpetuating board of trustees, who are given irrevocable power to vote the same for directors. Thus, if a majority of the shares should fall into the hands of one person, he would have no control of the company. . . . The trustees serve without compensation. . . . The board fills vacancies in its own body. It is, therefore, not under the control of stockholders, nor of political authorities, though it may be controlled by a legal process if there is evidence of corruption or mismanagement. The organization is thus seen to be similar to our best universities. The means of public control must be found in public opinion, which needs to be aroused when friction occurs. But since the trustees can derive no pecuniary advantage from the management of the concern, they must serve from the social motive, and may be expected to regard their trusts. . . . . .

"2. The immediate management of the concern is in the hands of the directors chosen annually by the board of trustees. . . . . .

"(3) The necessary capital is secured by popular subscription, the shares being fixed at $25. It is necessary that such movements shall be backed by local capital, and it is desirable that as many people as possible shall be directly interested in its success. Incidentally a splendid means is provided for short time investment of savings by persons of all classes. It is provided that the dividends upon the stock shall not exceed 8 per cent. yearly, and that the amount invested shall be returned to the investors as soon as possible. . . . . .

"(4) Finally, and most important, perhaps, is the provision that service shall be rendered at actual cost, after these returns shall have been made to the stockholders It is not to be supposed that a company organized upon this basis will charge unreasonable rates up to the time that the obligation to the stockholders is fully discharged ; but the full benefits to the public are secured only after that has been done. The gas trust has already saved to the consumers about $10,000,000, but it will become more completely a public servant after the remaining payments shall have been made to stockholders."

The advantages of the plan are briefly summarized as follows :—It seems to be a plan which will secure adequate control without throwing these works into the hands of the spoils politican. It depends upon a public opinion such as ultimately controls our greatest educational institutions, and may in these cases be expected to control, though not radically, the management of non-political institutions. It uses our most highly developed business methods in the service of the public, and secures to the public all the possible advantages of those methods. It secures the complete socialization of the values of social functions, and yet does not throw the strain of frequent oversight of complex institutions upon the social consciousness. This last seems to be the desideratum. *It* might be secured by expert official service, but, unless this should become an intolerable bureaucracy, it must be subject to the fitful changes of our political life ; whereas the Indianapolis plan provides for a management whose policy cannot be revolutionized by a spasm of popular prejudice, yet which must be gradually readjusted to meet social needs by the pressure of public opinion at important crisis, and which, for the faithful performance of its trust, will be under legal rather than political control.

MUNICIPAL EMPLOYMENT—STATE SUPERVISION RECOMMENDED.

John R. Commons, Director of the Bureau of Economic Research, and a pains[illegible]tal ing writer on several subjects, has in Municipal Affairs for 1900, p. 294, a long ar[illegible]tic on certain evils generally attributed to the employment of large numbers of work[illegible] m by municipal councils. He sets out by stating that direct employment is inherentl[illegible] f in advance of private contractors as regards the motives to improve the quality o[illegible] t work.

Municipal Affairs, 1900, Vol. 4, pp. 296-7.

But for the very reasons for its prominence in the line of improving the quality, municipal employment shows unfavorably in the line of diminishing the costs. Here is the serious obstacle in the path of public employment under democratic conditions, and in this field, therefore, our careful thought is most needed. It is to the defects and not to the excellences of public work hat the citizen should direct his attention.

REDUCTION OF EXPENSES.

The problem of reducing the expenses of municipal employment meets with obstacles in two directions: first, from the employees, second, from outsiders.

Employees naturally resist a reduction of the labor cost, because it means for them increased work or diminished pay. How to overcome this perfectly human instinct, is the grand problem of the civil service rules and organization of the department. These will be noted later.

As to outsiders, there are two classes who instinctively resist improvements that tend to reduce the labor cost. These are politicians and labor unions. The politicians dread the curtailment of their power to reward their "heelers" and "workers." The more positions to be filled, the larger the army of partisan retainers. The labor unions are the organs for expression of the wide-spread conviction of laborers—that anything helps labor which increases the number of jobs, or lessens the supply of laborers. Without looking far or ahead to see whether extravagant, luxurious and wasteful jobs might not be a social injury, and might not curtail work in other directions, they see only the limited jobs immediately at hand and their own unlimited number crowding for employment. I mention labor unions, not that they are more culpable than other laborers, but that they are the most influential of all laborers in forcing this policy of "making work" upon the public authorities. In those cities where unions are strongest, there it is usually found that municipal employment is burdened with the largest proportion of unneeded laborers, and that almost impassable obstacles are met to the economical reduction of these "fat" jobs. This is directly traceable to the avowed efforts of the unions. Politicians and labor unions combined, therefore, make the task of retrenchment both difficult and ungracious. Their influence is shown strongest in the resistance to labor-saving inventions, and to make our discussion of improvements concrete, we may narrow it to this question: What remedies will overcome the resistance of labor unions to the introduction of labor-saving inventions on public works? There are three classes of remedies which cover the field, namely, exhortation, economic reform and administrative reform.

Prof. Commons then discusses the possibilities of relief from these three remedies, and comes to the conclusion that central supervision is necessary.

STATE SUPERVISION IN UNITED KINGDOM AND UNITED STATES.

Municipal Affairs, Vol. 4, 1900, pp. 304-6.

A State municipal board like the Local Government Board of Great Britain, is indispensable for any lasting success and improvement in public employment. Similar boards, but with narrower powers, have been created in several American States, notably, Massachusetts, New York, Ohio and Wyoming. Full account of these and their powers cannot be given here. Suffice it to say that such a board should be composed of experts. These should receive adequate salaries and hold their positions for an indefinite tenure. To avoid political influence, and to be certain that a large part of the high salaries would not go to the political managers who control appointments, the appointment should be made only on the nomination of a body of fellow experts like

the Actuarial Society of America, the American Institute of Electrical Engineers, and the American Society of Civil Engineers, a non-official body corresponding to the American society. From the list of those who have passed these examinations, the smaller cities have learned to select their engineers, the larger cities having continued to hold their own stringent examinations.

The services of a state consulting engineer should be required by law to be given to all local governments upon all matters of public improvement, such as water works, lighting, roads, streets and transportation. His approval upon engineering problems would be necessary before a large undertaking could be inaugurated. The State Boards of Health in Massachusetts and New York already possess this power in the case of sanitary arrangements of waterworks and sewers. The State Municipal Board should possess the same power in the case of electric, civil and mechanical engineering features of public enterprises.

There is also needed a State accountant, as a member of the municipal board. He should prescribe a uniform system of bookkeeping for all departments of government in the State and in the localities, and for private corporations on public work. Such an officer has already accomplished important improvements in the local finances of Minnesota, the Dakotas, and, especially, Wyoming. Under the guidance of the engineers, this accountant could specify uniform schedules for all items of construction, repairs, maintenance, interest, depreciation, taxes, quantities and cost of material, and every element which is pertinent to a full understanding of the financial operations of public employment.

The municipal board might have power to enforce the law regarding wages, hours of labor, and to appoint inspectors. Above all, its great usefulness would be found in the publication of comparative statistics and data of all the municipalities and private corporations under its jurisdiction. If these tables are reduced to the comparative cost of the standard units in the different departments, it becomes an easy matter for the citizens of one city to learn whether their public departments are keeping pace with the departments of other cities. If the comparative costs are exceptionally high, the department will be obliged to explain. If they are low, the department will achieve honor and strength in the community. The public will be accurately informed, no evasions will succeed, and public opinions will work its certain remedies.

This policy has proven brilliantly successful in Great Britain in the electric lighting industry. As this industry is a local monopoly, comparisons can be made only between enterprises, whether public or private, in different cities. This is done through the British Board of Trade, which has minute supervision over all these undertakings. The board prescribes the forms of bookkeeping and the unit of comparison. It then reports annually for each plant upon costs, charges and profits per unit of product. Costs are analyzed into "cost of labor," "cost of distribution," "taxes," "management," and "miscellaneous." In this way any citizen in any city can note in a moment's study the comparative standing of his own city in economy and efficiency. It is not too much to say that the present unanimity of British cities in working toward public operation of electric lighting is immediately grounded on the scientific publicity of accounts.

SHALL AMERICAN CITIES MUNICIPALIZE?

This is the title of a somewhat self-depreciatory article by John C. Agar, in Municipal Affairs for 1900, p. 13. Mr. Agar is a lawyer, was in 1891 chairman of a People's Municipal League of New York, and later a member of the Board of Education there.

He admits almost complete success on the part of the British and German municipal systems, and attributes it to the gentle but firm control of the central governments. He says:—

BRITISH AND AMERICAN SYSTEMS SUMMARIZED.

Municipal Affairs, 1900, Vol. 4, pp. 20-23.

The English and German cities are organized under a general law, upon general principles, with a minimum of legislative centralization or interference, and a maximum of administrative decentralization or power of self-government. We find that while the central government has released largely to localities the management of purely local affairs, it retains the right to supervise the administration of those affairs especially those in which the municipality is acting as agent, by direct interference in some cases and by advice and veto in other cases; and thereby assures for the municipality not only the most painstaking scrutiny, but the most advanced information which the progress of the arts affords.

We find generally the only elective body to be a council, while the citizens qualified to vote for it are property holders; and in Germany the property holders of the first and second class have a preponderating amount of power, whence the principle can be announced that the majority of those who vote the taxes are interested primarily by reason of their having property to be taxed.

We find a class of civil servants trained for the profession of municipal administration in all its details, educated for its pursuit, inspired by its aims and praiseworthy opportunities, and rewarded by the accomplishment of the public good and the honorable regard of their fellow-citizens. And, above all, we find an organization designed in its details to carry on a large business with the least friction between its parts. From the members of the council, the mayor, burgomaster, heads of committees, and paid heads of departments, to the day laborer, we find a machine in which each part is selected because of its fitness to accomplish the end in view.

These are the conditions which exist in the countries where municipal ownership and operation have been carried on to the greatest extent, and with the best results. It is not surprising that under such circumstances such enterprises have been successful. It is not part of this discussion to consider whether private operation would not have accomplished equally beneficial results for the community, nor to point out that in England there are signs that municipal ownership and operation are developing weakness when attempt is made to apply them on a scale commensurate with the demands of a large section of the country, as distinguished from the demands of isolated communities.

AMERICAN CONDITIONS CONTRASTED.

When we turn to the municipal conditions which exist in this country, and inquire whether it is possible that they would produce like results if the operation of the public utilities mentioned above were entrusted to municipalities organized as ours are, we find ample reasons to advise caution before students of municipal affairs array themselves as advisers of experiments so bold. It must be observed that the present state of effort at municipal operation in this country is too undeveloped to permit of argument of experience from like causes. Therefore, the only sound method of reasoning is to study the causes which have produced certain results abroad, and if we find them essentially different from the forces operating in this country, we must discard them as premises or precedents. . . . . .

Our municipalities are not organizations adapted to carry on any business properly. The powers which they possess are too narrowed by legislative limitations, or if, perchance, they be endowed with ample powers, the officials who possess them are as

a rule disqualified by want of technical training or moral habit from exercising them for the best benefit of the community. There is no skilled body of municipal officers, no corps, picked out to work for the community because they are the most apt citizens which can be found, and because they are inspired by local pride and the desire of an honorable name. . . . . .

The system of public ownership and operation in this country and at this time would certainly generate fraud in the procurement of labor and materials; would bring to the front ignorance, negligence and corruption in management; would give undue scope to party politics, more frequent opportunity for change of employees for corrupt purposes, and less opportunity to secure efficient service at reasonable rates; all to the end that the spoils system would be vastly strengthened and the people longer kept apart from their own.

MUNICIPALIZATION OF COMMERCIAL UNDERTAKINGS.

In his excellent work on Municipal Administration (New York, Macmillans, 1901), Prof. John A. Fairlie discusses at length the various municipal corporation undertakings in Europe and the United States, and thus summarizes his conclusions:—

Fairlie, Municipal Administration, pp. 310-313.

The difficulties and limitations of comparison of private with municipal undertakings are numerous. In the first place, undertakings which are municipalized, or which it is proposed to municipalize, have, in addition to the purely business side (profit and loss), an important social aspect; and municipal control means in almost every case a greater degree of attention paid to these social aspects, such as better facilities to the consuming public and better compensation to the employees. This amelioration of social conditions cannot be balanced in figures against diminished profits.

Assuming, however, the municipal works operated on a purely business basis, exact statistical comparisons are rarely practicable with any figures at hand. In some cases comparisons are made of prices charged by private companies with the cost of municipal operation, while it is clear that interest, taxes and depreciation of plant and equipment must also be included. Interest and taxes can sometimes be accurately ascertained, but it is most difficult to learn anything definite concerning depreciation, as it requires exact knowledge of the particular plants, and cannot be determined with accuracy by estimating with any universally applicable rate per cent.

Even if these difficulties were removed, there still remains the important fact of different conditions in different places. Prices of raw material vary, local difficulties may add to the cost of construction works. In comparing the social benefits, prices may be on entirely different basis. Take, for example, the subject of water rates: these may be based in one town upon the quantity of water used as measured by meter, and in another upon a fixed rate per house; of two towns, both using the meter method of estimating charges, each may have adopted a different point of measurement; and of two towns both using a fixed rate per house, the word "house" may mean a different thing in each. Street car tolls offer the same obstacle: a fixed street car rate cannot be compared with a rate varying according to the distance travelled. Finally, as between different countries, and to some extent also between different cities in the same country, there are important differences in the purchasing power of money and in customs, which seriously affect comparisons. For instance, the street railway traffic in England cannot be compared with that of the United States, on account of the differing degrees of density of population, and of differences in the value of money, and in the rates charged and facilities offered by other means of locomotion, such as cabs and steam railroads.

The question for or against the municipalization of commercial undertakings must, ıen, be decided largely on general grounds. The most important consideration is ıat of the social benefits to be derived from municipal control; and the strength of ıis argument, positively or negatively, will depend on public sentiment as to how far nproved conditions should be furnished at the expense of general taxation. From a urely business standpoint there are certain advantages in favor of either municipal r private control. Municipalities have the advantage of lower rates of interest on ıpital than private companies, and, furthermore, they issue no watered stock, on which ıterest must be paid. On the other hand, private companies are in general willing ɔ pay much higher wages of superintendence than municipalities, thus securing the ıost efficient management, while at the same time the non-technical management usually a board of directors) is more permanent, and so more likely to pursue a con-nuous policy.

These are the principal permanent features. Other arguments against municipaliza-in are the spoils system and municipal corruption. As to the first, its existence is ound to add much to the expense, and to detract from the efficiency of municipal work; ut we seem to have passed the period of wholesale removals of subordinate em-loyees with each change of administration, and this is no longer a vital matter. In ɛgard to corruption among the managing officials, it may be noted that dishonest and orrupt practices of directors in private companies are by no means unknown. More-ver, one of the chief sources of municipal corruption in the past has been in connec-on with franchises to private corporations; while with municipal ownership, not only ·ould the added importance and responsibility of municipal work tend in some degree ɔ secure better municipal officials, but also those citizens who as officers of corpora-ons were formerly interested in securing the best terms for their company become, as ıxpayers, interested in obtaining the most efficient management, and are likely to se their influence in the interest of better government.

A practical factor to be borne in mind in the United States is the existence of con-ɪitutional debt limits, which place an effective check on municipal activity. As it is ıore important that a city should not neglect the works in which it is engaged than ıat it should undertake new works, care must be taken not to take up new lines of ɛtivity which will bring the debt so close to the limit as to hamper the development f other undertakings. Thus it is very doubtful if New York, with the works of water ɪpply, docks and the rapid transit tunnel under way, could take up the construction of as works or surface railways (or could undertake the purchase of existing plants) ithout entrenching on the debt limit and stopping other needed improvement. Even here the debt limit is not in question, too many new undertakings might retard the evelopment of municipal work.

Conclusions:—1. Where a private company has shown itself well managed and ɛtive in the public interest, it seems doubtful policy to run the risk of a less able man-gement under municipal control; but agreements even with such a company should be ıefully drawn to safeguard the interests of the city.

2. In the case of franchises granted without proper provisions, the first step to be ıken is to compel the reduction of rates or an improvement in facilities, so that the ompany will receive only a fair income from its property. If this is not done, little ·ill be gained by a municipal purchase of the plant at the swollen values due to the igh rates charged.

3. After such reduction in rates, or upon the expiration of a franchise in a city ·hich has managed other public works with success, and is not already involved in as ıany undertakings as it can manage, municipal ownership of monopolies is advisable.

ALL SORTS OF MUNICIPAL OWNERSHIP.

Mr. Clinton Rogers Woodruff, Secretary of the National Municipal League of the United States, writes thus in the New York Outlook of May 11, 1901 :—

Outlook, Vol 68, p. 111, l. 114.

Many cities, following the lead of New York, directly undertake the cleaning of their streets ; although there are many others, like Philadelphia, which will employ private contractors to do the work. The question of municipal ownership of street-cleaning apparatus is an unsettled one in many communities, and public opinion is still divided in the matter. So it is as to the sprinkling, paving, and repair of the streets. There are many who believe that the establishment of municipal paving and repair plants would result in an elimination of the scandals now incident to the system of private contracts. Syracuse, for example, recently had under consideration the establishment of a municipal asphalt plant ; so had St. Joseph, Mo. In 1899 the business men's organizations of Buffalo strongly indorsed a similar suggestion ; so, too, did the Trade and Labor Council of Lowell, Mass., last August. Northampton, Mass., wants a city street-sprinkling plant; and so it goes. It is fair to presume that in time it will be quite as general for a city to pave, repair and clean its streets as it is now for the city to control and operate the fire department ; and yet there was a time when the city depended entirely upon volunteers to suppress fires. Now a volunteer fire department is looked upon as a relic of the past, and where it still exists is rather regarded as a temporary make-shift.

Municipal hospitals are rapidly multiplying. No large city is now without a first-class, adequately equipped hospital. Thus far these hospitals have generally been started as adjuncts to the department of charities and correction ; but the time will come, if it has not already arrived, when city administrators will realize that many citizens, able to pay for the services rendered, would prefer to go to a city controlled hospital, in preference to a privately managed one, except for the fact that the former is now unpleasantly attached to the Alms house or like institution. A movement towards this end has already been inaugurated in Philadelphia.

The Gothenburg and Norwegian systems of dealing with the liquor question, and the South Carolina dispensary system have familiarized a part of the American public to a certain extent with the idea of the city ownership of saloons, which has many advocates in all parts of the country.

Nathan Straus, the New York philanthropist, is a strong advocate of the municipal ownership of plants for sterilizing milk, believing that the city owes it to the poor and unfortunate to supply them with fresh milk. In 1892 Mr. Straus himself began the distribution of sterilized milk, and in that year disposed of 34,400 bottles. Last year (1900) he dispersed 596,677 bottles. Sterilized milk was introduced into the infant asylum at Randall's Island in 1897, when the death-rate was 44.36. In 1899, after two years' use of it, the death-rate had fallen to 24.52. Mr. Straus believes, and I think we will all agree with him, that a policy which makes so directly for the health of the community should not be allowed to depend upon private initiative and enterprise and benevolence for its continuance. The Rev. C. F. Dole, in October, 1900, in an address on "Our City Politics," followed the same lines, maintaining that there should be a municipal milk supply, so that every child in the city might have pure milk.

The disclosures last summer of the connection between the ice trust and Tammany officials created a profound impression, not only in New York City, but throughout the country, because of hardship involved to those least able to bear it. Comptroller Bird S. Coler and others came forward with the suggestion of a municipal ice plant, and the conservative "Evening Post" reported the large economies possible therefrom. Those who

l this idea held that it was in line with the general policy of municipal ownership
d to light, heat, and transportation ; while those who opposed it seemed to fear
ould lead to the city controlling many things it had no business to control. As
ment said, "Where is this municipal ownership to end ? We will have municipal
er fountains next ?" Another said:—"I shall certainly oppose it. We will be
unicipal bakeries next."

however, is not so extreme as some would imagine, as municipal bakeries have
gested, and I think in some places built, in British cities; and Grenoble, France,
a municipal restaurant for years, which has been a success practically from th

cipal markets are no new thing. As a matter of fact, markets are among th
rms of municipal property, and their ownership has almost come to be regarded
ential function of a well-equipped city. Municipal abattoirs, however, are by
so common, and in one instance at least (at Montgomery, Ala.) have been de-
egal.

ave already noted the movement for municipal milk, based on the plea that it
ty of the cities to adopt such measures as will improve the public health. It
step from this position to the municipal control of dairy products, as advocated
er in the Indianapolis "Bulletin" :—

l the range of dairy matters there is no one thing of more general or more vital
ce than municipal control of dairy products in cities, towns, and villages. While
ry purpose and the justification of all such control is the protection of the con-
f these products from disease, filth, and fraud, the same control, when wisely
, also protects honest producers and pure products. The necessity for such
as come to be almost universally recognized by cities and towns (and is fast
ecognition among the better class of villages) where regulating ordinances have
y generally enacted.

ourse, there is an important distinction between control and ownership ; but if
municipal markets and the municipal control of dairy products, it is not a fair cry
y conducting the latter business directly on its own account.

ome reason, to me at present inscrutable, the coal and ice businesses are often
d under a single management. Coal and ice companies are numerous in Philadel-
f then, we have municipal ice plants, why not municipal coal yards ? And so
Several years ago an attempt was made to secure the right to establish them
; but it was defeated. Again last May (1900) an effort was made on behalf
rs, Mass., but this, too, failed. That is to say, the Massachusetts Legislature
o confer upon this town the right to deal in coal, on the ground, as I recall it,
a law would be unconstitutional ; although the same town now has the right to
as extracted from coal. Municipal coal yards, according to a late despatch,
instituted by Glasgow, Manchester, and several other British towns.

nunicipal ownership of docks is by no means a new policy ; but I think a municipal
Yet this is what was proposed by the New York "Herald" a year ago be-
aten Island and Manhattan, and by numerous prominent citizens of the former
The suggestion grew out of the dissatisfaction over the operation of the exist-
hise by the present company.

troller Coler is a strong advocate of the municipal operation of docks. He be-
t the city should not only own them, but actually manage them, instead of
rivate companies to reap large profits from their management. He would buy
cks not now owned by the city and run these, together with these already

owned, as a department of the city, and as a business investment. He is of the opinion that within thirty years a sinking fund could be accumulated, which would pay for the original cost.

Municipal telephones, although not thus far actually started in this country, are not far distant. The West Side Business Men's Association of Buffalo is working for them to secure relief from the excessive charges of the existing company. In its issue of April 20, 1900, the Chicago "Chronicle" said: "Chicago is to have a municipal telephone system —an innovation in America. Its immediate use is to be confined to the police and fire departments, but its projectors say that eventually it will serve as the nucleus of a great metropolitan system that is expected to become a healthy rival to the Chicago Telephone Company and the new Illinois Telephone and Telegraph Company. Rates sufficiently low to make the telephone a cheap convenience are predicted by those who see a great future in the municipal plant."

A recent despatch from London says :—"The London streets are being torn up by the laying of the wires of the new telephone system to be run by the Government. Continued complaints of overcharging and inefficiency of the monopoly led the postoffice to take this important step. Preparations are making for 40,000 subscribers. It is hoped to begin to operate in a year. The cost will be over $5,000.000, and the rates will be so low that the smallest store will be able to have a telephone." Municipal telephones have been tried in several foreign cities. Amsterdam bought out the private company some four years ago, and has since managed the service to the satisfaction of the subscribers.

Under Mayor Quincy's administration a municipal printing plant was established in Boston. A report which was rendered in July, 1899, showed a saving of $10,386.08 for a year's operation, although these figures have since been disputed. The present Greater New York Charter Commission is in favor of establishing a plant similar to the United States Government Printing Office at Washington. The present Comptroller of New York is heartily in favor of such action. In a recent interview he said :—

The city's printing is enormous, and there is no reason why it cannot be done just as well by the city as the work of the Federal Government is done by the Government Printing Office. A member of Congress can introduce a bill to-night, and to-morrow morning printed copies of that bill are on the files of the members. That looks as if the service was prompt and efficient, does it not? Take one department in this city—the Board of Education—and look at the big amount of printing it requires every year. Its minutes have to be printed, as do the minutes of other departments. This costs a great deal of money. The contractors have to pay the men employed on city work the same amount of wages as if those men were employed directly by the city, and these men can work no more hours for the contractors than they could for the city. What want to see is the power conferred upon the city to start such a plant. After that is done we can figure out how it is to be operated in this country. Now one has actually ployed in a city office would not render as much and as good service as if they were working for any private concern. I do not believe that that amounts to much. Men must be taught that when they are working for the city they must render as efficient and honest service as if they were employed by a private person or firm.

Syracuse, N.Y., has a municipal lodging-house, which gives its lodgers breakfast, supper, and lodging for a period not to exceed two weeks, the lodger to work out his board by service in the street-cleaning brigade.

A municipal theatre has often been advocated in this country. Now one has actually been built in the City of Calumet, Mich. It was erected as a wing to the new City Hall. It will be conducted by a manager in the city's employ, and all profits will accrue to the

city, which is also prepared to bear the losses, if any. Franklin, Ind., has also assumed control of its theatre and has appointed a manager to conduct it.

Municipal pawnshops are coming into vogue. Chicago has one, which is doing an increasingly large business, and its success has been such as to encourage other cities to follow in Chicago's footsteps. As special legislative authority is necessary, the movement is likely to be slow of growth. Municipal employment bureaus have been proposed in a number of places, and one has already been started in Toledo, O., which, according to Mayor Jones, is working to the best of satisfaction. Municipal cemeteries have long been established in some localities, and now municipal crematories are seriously proposed. When these are established, and the numerous lying-in hospitals are municipalized, the whole circuit of human life will seem to be within the field of municipal activities.

MUNICIPAL OWNERSHIP OF GAS, WATER AND ELECTRIC LIGHT IN THE UNITED STATES.

Mr. Carroll D. Wright, U. S. Commissioner of Labor, gives up the whole of his fourteenth annual report (1899) to this subject. The report is, as United States official reports usually are, exceedingly well presented. Necessarily, being collected by an officer having no compelling authority over the persons from whom the information was collected, the return is not absolutely complete, but it is at all events fairly representative:

14th Annual Report of U. S. Commissioner of Labor, p. 13.

Of the 3,326 waterworks in the United States, it was found that 46.27 per cent. were owned and operated by private individuals, firms, and corporations, while 53.73 per cent. were owned and operated by the cities, towns and villages in which they were located; of the 965 gas works, 98.55 per cent. were owned privately, while but 1.45 per cent. were municipally owned; and of the 3,032 electric light plants, 84.83 per cent. were private and 15.17 per cent. were municipal. As will be seen, this report covers 24.37 per cent. of the private waterworks and 36.38 per cent. of those under municipal ownership and control; 37.43 per cent. of the private and 78.57 per cent. of the municipal gas works, and 24.57 per cent. of the private and 69.57 per cent. of the municipal electric light plants. Of the 1,539 privately owned waterworks, about 32 per cent. were located in towns and villages which had less than 1,000 population at the census of 1890, while about 25 per cent. of the 1,787 municipally owned plants were so located. Of the 951 privately owned gas works, about one-third of 1 per cent. were located in towns and villages which had less than 1,000 population at the census of 1890, while of the municipally owned plants none were so located. So far as the electric light plants are concerned, about 9 per cent. of the 2,572 privately owned plants were located in towns and villages which had less than 1,000 population at the census of 1890, while about 9 per cent. of the 460 municipally owned plants were so located. About one-fourth of all the waterworks in the United States are located in small towns and villages, while a very small proportion of the gas works and about one-tenth of the electric light plants are so located. Inquiry was made in regard to the waterworks located in these small towns and villages, and as a rule they were found to be of an unimportant and inexpensive character and were established largely for purposes of fire protection.

Number of, total investment in, and value of product in, water, gas, and electric light plants in the United States.

	Waterworks.		Gas works.		Electric light plants.	
	Private.	Municipal.	Private.	Municipal.	Private.	Municipal.
Number in the United States	1,539	1,787	951	14	2,572	460
Number included in this report	375	659	356	11	632	320
Per cent. included in this report	24.37	36.88	37.43	78.57	24.57	69.57
Total investment in all plants in the United States	$267,752,468	$513,852,568	$330,346,274	$1,918,120	$265,181,920	$12,902,677
Total investment in plants included in this report	$116,710,833	$463,574,312	$152,669,792	$1,395,373	$113,917,815	$10,908,929
Per cent. of total investment represented by plants included in this report	43.59	90 22	46.22	72.75	42.96	84.55
Value of product in all plants in the United States	$25,665,669	$45,506,130	$73,446,183	$187,355	$56,490,652	$3,531,605
Value of product in plants included in this report	$11,416,186	$42,508,490	$33,938,262	$431,672	$24,267,460	$2,909,199
Per cent. of total value of product represented by plants included in this report	44.48	93.41	46.21	88 57	42.96	82.38

On page 35 Mr. Wright gives a summary of his investigations as to waterworks plants, as follows:—

Average cost of production per 1,000 gallons of water furnished.

Water furnished (gallons).	Private plants.			Municipal plants.		
	Number reporting.	Average cost of production per 1,000 gallons.		Number reporting.	Average cost of production per 1,000 gallons.	
		Excluding depreciation, taxes, and interest on total investment.	Including depreciation, taxes, and estimated interest on total investment		Excluding depreciation and interest on total investment.	Including depreciation, estimated taxes, interest on total investment, etc
		$ c.	$ c.		$ c.	$ c.
Under 1,000 000				5	1.0574	2.3908
1,000,000 and under 5,000,000	5	0.1464	0.6928	35	.2938	.8789
5,000 000 " 10,000,000	12	.1535	.4966	35	.1503	.4486
10,000,000 " 15 000,000	12	.1382	.4092	45	.1158	.3050
15 000,000 " 20,000,000	10	.0962	.3066	41	.10 8	.2636
20 000 000 " 25,000 000	12	.1020	.2471	26	.0848	.2911
25,000,000 " 50,000 000	50	.0585	.1874	105	.0606	.1754
50,000,000 " 75,000,000	44	.0434	.1375	52	.0423	.1180
75,000,000 " 100 000,000	26	.0511	.1520	24	.0461	.1371
100 000,000 " 125,000,000	20	.0368	.1084	23	.0342	.1015
125,000,000 " 150,000,000	9	.0377	.1285	22	.0381	.1265
150,000 000 " 175,000,000	14	.0408	.1108	6	.0164	.0879
175,000 000 " 200,000,000	8	.0 70	.1339	12	.0254	.0845
200 000,000 " 250,000 000	23	.0363	.1165	15	.0269	.1046
250,000,000 " 500,000 000	51	.0251	.0796	58	.0227	.0858
500,000,000 " 750,000,000	30	.0206	.0762	38	.0252	.0902
750,000,000 " 1,000,000,000	14	.0194	.0672	20	.0195	.0745
1,000,000,000 " 5,000,000,000	30	.0176	.0651	78	.0175	.0639
5,000,000,000 " 10,000,000,000	4	.0291	.1163	6	.0107	.0444
10,000,000,000 or over				13	.0167	.0476

Taking up first the comparison of these groups, exclusive of depreciation, taxes, and interest on the total investment, and dropping from consideration the first two groups for the reasons stated in the text in connection with the short table preceding relating to cost of salaries and wages, it is seen that in the group of plants furnishing 5,000,000 and under 10,000,000 gallons of water during the year, as well as in the group following, the average cost was greater in the private plants than in the municipal, while in the next group the opposite is true. In the sixth group the cost was greater in the private plants, while in the following group the result was again reversed. In the next eight groups, with one exception, the cost was greater in the private plants, in the group following it was greater in the municipal plants, while in the next two groups it was practically the same in both classes of plants. In the last group having private plants the average cost of production, exclusive of the elements mentioned above, was $0.0291 per 1,000 gallons in the four private plants, and $0.0107 in the six municipal plants, or more than two and one-half times as great in the private as in the municipal plants.

WATERWORKS.—FOURTEENTH ANNUAL REPORT OF THE COMMISSIONER OF LABOR.—PAGE 42

Average price per 1,000 gallons of water sold.

Water furnished (gallons).	Private plants.		Municipal plants.	
	Number.	Average price per 1,000 gallons of water sold.	Number.	Average price per 1,000 gallons of water sold.
		$ c.		$ c.
Under 1,000,000	....	....	5	0 5608
1,000 000 and under 5,000,000	5	0.4476	35	.2031
5,000,000 " 10,000,000	12	.3476	35	.1579
10,000 000 " 15,000,000	12	.2521	45	.1445
15,000,000 " 20,000,000	10	.2372	41	.1090
20,000,000 " 25,000,000	12	.2164	26	.1108
25,000 000 " 50,000,000	50	.1524	105	.0840
50,000 000 " 75,000,000	44	.1281	52	.0743
75,000,000 " 100,000,000	26	.1183	24	.0792
100,000,000 " 125 000,000	20	.0973	23	.0639
125,000,000 " 150 000,000	9	.1059	22	.0640
150,000,000 " 175,000,000	14	.0902	6	.0580
175 000,000 " 200,000 000	8	.0981	12	.0693
200,000 000 " 250,000 000	23	.0963	15	.0889
250 000,000 " 500,000,000	52	.0705	58	.0615
500,000,000 " 750,000 000	30	.0589	38	.0708
750,000 000 " 1,000,000,000	14	.0618	20	.0610
1,000,000 000 " 5,000,000 000	30	.0563	78	.0593
5,000,000,000 " 10,000,000,000	4	.1136	6	.0471
10,000,000,000 or over	....	....	13	.0526

An examination of the table shows that in every group of plants except two the average price charged per 1,000 gallons is smaller in municipal than in private plants.

A similar summary as to gasworks is given in pages 384, et seq.

GAS WORKS.—FOURTEENTH ANNUAL REPORT OF THE COMMISSIONER OF LABOR.—PAGE 384.

Average cost of production per 1,000 cubic feet of gas produced. [The value of the residuals and by-products which were sold by the various plants has been deducted from the cost of production before using the same as a basis for this table.]

Gas produced (cubic feet).	Private plants.			Municipal plants.		
	Number reporting.	Average cost of production per 1,000 cubic feet.		Number reporting.	Average cost of production per 1,000 cubic feet.	
		Excluding depreciation, taxes, and interest on total investment.	Including depreciation, taxes, and estimated interest on total investment.		Excluding depreciation and interest on total investment.	Including depreciation, estimated taxes, interest on total investment, etc
		$ c.	$ c.		$ c.	$ c.
Under 2,000,000	10	1 86	3.71	1	2.26	3.34
2,000,000 and under 5,000,000	69	1.18	2.17	2	.69	1.18
5,000,000 " 10,000,000	63	98	1.84	2	.82	1.51
10,000,000 " 15,000,000	43	.79	1.44	....	....	....
15,000,000 " 20,000,000	45	.78	1 52	2	.60	.96
20,000,000 " 25,000,000	23	.78	1.35	1	.68	1.03
25,000,000 " 50,000,000	38	.68	1.25	1	.55	.91
50,000,000 " 75,000,000	17	.65	1 14	....	....	....
75,000,000 " 100,000,000	9	.61	1.06	....	....	....
100,000,000 " 500,000,000	18	.45	.92	2	.44	.63
500,000,000 or over	8	.46	.76	....	....	....

Taking up the comparison of the plants in each of the groups in which comparison is possible, it is seen that the columns giving the average cost of production, excluding depreciation, taxes, and interest on total investment, show that in all groups except the first the average cost per 1,000 cubic feet of gas produced is less in municipal plants than in private; while the columns giving the average cost, including these elements, show in every group of plants an excess of cost in private plants.

GAS WORKS.—FOURTEENTH ANNUAL REPORT OF THE COMMISSIONER OF LABOR.—PAGE 385.

Lowest, highest, and average cost of production per 1,000 cubic feet of gas furnished for consumption in five groups of plants.

Gas produced (cubic feet).	Private plants.						
	Number reporting.	Lowest, highest, and average cost of production per 1,000 cubic feet.					
		Excluding depreciation, taxes, and interest on total investment.			Including depreciation, taxes, and estimated interest on total investment.		
25,000,000 and under 50,000,000	38	$0 36	$1 99	$0 81	$0 68	$3 41	$1 49
50,000,000 " 75,000,000	17	57	1 04	75	86	2 35	1 33
75,000,000 " 100,000,000	9	47	1 00	72	1 06	1 65	1 25
100,000,400 " 500,000,000	17	16	95	49	58	1 73	1 02
500,000,000 or over	8	40	84	51	75	1 44	84

ıst, highest, and average cost of production per 1,000 cubic feet of gas fnrnished for consumption in five groups of plants.

Gas produced (cubic feet).	Municipal plants.							
	Number reporting.	Lowest, highest, and average cost of production per 1,000 cubic feet.						
		Excluding depreciation, taxes, and interest on total investment.			Including depreciation, estimated taxes, interest on total investment, etc.			
)0,000 and under 50,000,000	1	$0 62	$0 62	$0 62	$1 03	$1 03	$1 03
)0,000 " 75,000,000	..						
)0,000 " 100,000,000	..						
)0,000 " 500,000,000	2	46	54	51	62	79	73
)0,000 or over	..						

similar summary as to electric light plants is given at pages 550, 551, 554.

ɔTRIC LIGHT PLANTS.—FOURTEENTH ANNUAL REPORT OF THE COMMISSIONER OF LABOR.—PAGE 550.

Average price per kilowatt hour charged in arc service.

ʔlants having engines with horse power of:	Private plants.				Municipal plants.			
	Number reporting.	Average price to private users.	Number reporting.	Average price to municipality.	Number reporting.	Average price to private users.	Number reporting.	Average cost to municipality.
		$ c.		$ c.		$ c.		$ c.
ɔr 50	1	0.1028	3	0.1258	1	0.0815	6	0.0719
and under 75	19	.1146	23	.0861	10	.1100	18	.0631
" 100	18	.0986	21	.0868	10	.0822	30	.0499
" 125	23	.0940	34	.0770	15	.0776	36	.0423
" 150	17	.0892	24	.0798	12	.0684	31	.0376
" 200	38	.1291	47	.0846	16	.0862	29	.0397
" 300	58	.1075	72	.0710	31	.0821	42	.0451
" 400	40	.0906	40	.0659	11	.0783	24	.0408
" 500	27	.1000	33	.0657	3	.0556	9	.0430
" 750	57	.1046	54	.0696	6	.1139	7	.0406
" 1,000	38	.0939	35	.0629	1	.0833	4	.0337
" 1,500	31	.1056	32	.0698	4	.0521	3	.0418
" 2,000	15	.1299	20	.0709	1	.1126	2	.0233
" 3,000	18	.1157	18	.0664			2	.0381
" 5,000	9	.1202	11	.0514	1	.0380	1	.0264
or over	10	.1400	12	.0596				

ELECTRIC LIGHT PLANTS.—FOURTEENTH ANNUAL REPORT OF THE COMMISSIONER OF LABOR—PAGE 551.

Average price per 16-candlepower lamp per year charged in unmetered incandescent service.

Plants having engines with horse power of:	Private plants.				Municipal plants.			
	Number reporting.	Average price to private users.	Number reporting	Average price to municipality.	Number reporting.	Average price to private users.	Number reporting.	Average cost to municipality.
		$ c.		$ c.		$ c.		$ c.
Under 50	3	5 23	3	5 65	3	8 09	4	8 63
50 and under 75	25	7 50	16	8 40	11	5 16	9	10 09
75 " 100	25	6 20	21	10 21	20	5 35	14	6 97
100 " 125	43	6 19	30	8 12	35	4 62	23	5 08
125 " 150	31	6 32	22	7 76	20	4 57	22	4 58
150 " 200	46	7 02	39	10 06	24	5 33	26	5 97
200 " 300	60	6 42	50	10 55	28	5 61	30	4 45
300 " 400	25	5 89	27	11 11	18	8 19	15	4 34
400 " 500	21	7 90	22	12 76	3	3 11	7	5 56
500 " 750	31	7 32	32	10 28	5	2 56	6	4 36
750 " 1,000	20	7 56	21	10 31	.....	.....	3	2 91
1,000 " 1,500	13	6 97	20	11 98	2	6 00	4	3 33
1,500 " 2,000	5	5 88	6	8 49	1	3 93	2	3 77
2,000 " 3,000	3	11 53	8	10 82	.....	.....	1	11 44
3,000 " 5,000	2	10 64	3	7 40	1	3 63	.....	.....
5,000 or over	3	4 46	3	11 67	.....	....	.....	.....

ELECTRIC LIGHT PLANTS.—FOURTEENTH ANNUAL REPORT OF THE COMMISSIONER OF LABOR.—PAGE 554.

Average price per lamp per year of arc lighting, by hours of service rendered.

Hours of service per year.	Private plants.				Municipal plants.			
	Number of lamps.	Average price per lamp per year to private users.	Number of lamps.	Average price per lamp per year to municipality.	Number of lamps.	Average price per lamp per year to private users.	Number of lamps.	Average cost per lamp per year to municipality.
		$ c		$ c.		$ c.		$ c.
Under 500	197	43 74	2	11 25	11	31 64	...	.....
500 and under 750	335	54 64	3	78 00	75	44 19	213	18 10
750 " 1,000	259	58 31	20	37 50	51	39 18	46	52 33
1,000 " 1,250	1,938	69 87	672	58 13	85	54 98	477	27 49
1,250 " 1,500	2,226	79 20	327	90 78	362	59 09	433	55 78
1,500 " 1,750	3 666	98 13	520	71 56	136	47 99	671	36 20
1,750 " 2,000	3,001	76 08	966	67 76	345	52 48	677	37 61
2,000 " 2,250	4 896	101 16	7,382	81 51	580	63 18	5 141	39 73
2,250 " 2,500	1,535	117 88	1,649	86 17	26	67 99	761	52 87
2,500 " 2,750	831	93 81	2,262	85 05	52	69 50	1,763	57 17
2,750 " 3,000	205	76 86	129	74 90	12	47 50	1,198	43 76
3,000 " 3,250	211	63 41	4,023	105 80	54	60 85	2,173	45 76
3,250 " 3,500	156	159 32	414	94 12	22	50 00	227	34 66
3,500 " 3,750	436	91 42	2,854	93 99	31	84 52	1,006	54 71
3,750 " 4,000	1,936	123 90	21,246	100 60	147	129 95	5,264	63 57
4,000 or over	2,044	149 54	25,636	101 97	73	65 26	2,669	58 55

The entire number of lamps furnished for service by private plants and by municiplants is in this table grouped according to the number of hours of service rendered year. This element of hours of service rendered influences prices more considerr perhaps than any other condition of service, and for this reason it is selected as basis of the groups into which the lamps furnished by the various plants have been ided. For the lamps under each of these groups is shown the average price per ıp per year to private users and to municipalities, as charged by private plants, the rage price charged by municipal plants to private users, and the average cost per ıp per year to the municipality of its own service when furnished by a municipal nt.

Taking up the prices to private users, it is seen that in all of the groups except e the average price charged per lamp per year is smaller in municipal plants than in vate ones. Comparing the columns showing the average price charged by private nts per lamp per year to the municipality, and the average cost per lamp per year the municipality of lights furnished by municipal plants, it is seen that in all the ›ups except one the cost per lamp per year of lights furnished by municipal plants smaller than the price charged per lamp per year by private plants to the municiity for the lights used in municipal service.

MUNICIPAL TRADING IN AMERICA.

In Cassier's Magazine for April, 1902, Hon. Robert P. Porter, Director of the :venth Census of the United States, writes for the benefit of American readers an icle founded on his investigations into British affairs. It contains in part the same ts and arguments which he used afterwards in his address to the British Associan. His conclusions are as follows:—

ssier's igazine, l. 21, p. 459.

Great Britain has dashed ahead along some lines that in America we should regard as extremely hazardous, and in other directions, the control of waterworks, for example, it has taken the opposite course. Thus, one is surprised to find the London County Council running omnibus lines, erecting small, but expensive, electric plants to supply ited areas of street lamps, building tramways, planning extensive subways from :stminster to the Bank, while the water supply of the greatest modern city is in the ıds of private companies. I am aware of the efforts made to purchase the London terworks, and of the obstacles in the path, but think that the desired result could ve better been obtained had the County Council concentrated its energies instead of ng into too many iridescent schemes. The trouble with that body, as it appears to outsider, is, that it scatters too much. The tendency to scatter or spread out into many things is dangerous to a business man—it is ruinous to a public body. There ıo constitutional limit to the debt-creating power of the London County Council, the price of its securities suggests that a large increase of those bonds might not practical.

Looking over the entire field, I find about half the capital invested in British tram-'s owned by municipal authorities; about one-third of the capital in gas works; by the largest portion in electric light plants; but only half the municipal boroughs of at Britain seem to own their waterworks. These general facts indicate the diffiy which will be found in defining just where municipal enterprise in such matters uld rightly end and private enterprise begin.

Within the last few years a change seems to have come over this municipal dream Great Britain. While we, as I have said, have been obliged to argue our case in

the United States on a demurrer so far as Great Britain's experiences were concerned, there has arisen a perverse British generation which has set about the demolition of idols before which we have been told to bow down and worship. The attack on the temple of municipal trading has been sharp and decisive, and the edifice as it was once represented to us in the United States has been badly shaken. This has been accomplished by the aid of several different organizations, prominently among which I notice the British Chambers of Commerce. Then there was the Society of Arts debate, the Royal Statistical Society's investigation of the financial side of the question, the Parliamentary Committee, numerous able pamphlets, and more recently, that powerful ally, the London Times.

Britain having thus defaced the edifice of her own efforts, we foreigners must not be asked to gaze upon what is left and pronounce it complete and satisfactory. We are more likely to enter the sacred precincts through the apertures made in it and endeavor to solve the mystery of its departed power. We may even be encouraged to compare the cost of some of these boasted achievements with similar undertakings of our own. We might be tempted to ascertain if under a different method we have been able, by utilizing individual effort and private capital, to give the public as cheap and as efficient service.

The readers of Cassier's Magazine are too familiar with the shortcomings of municipal trading to need a recapitulation in this article. British industry found that it did not fit in with the extension of modern enterprise. It was desired to distribute electrical power and sell it cheaply for all sorts of purposes, and such enterprise was blocked by a combination of town clerks. There was a demand for cheap producer gas for use in gas engines, but municipalities whose business interests prompted them to oppose cheap power put untold obstacles in the way.

So it is with light—electric and gas—and with the extension of tramways and light railways. Then it was discovered that those towns and cities with their retinue of officials had been merely nibbling at the electrical industry. Private enterprise had been dampened and dwarfed by hold-ups in the shape of provisional orders. Meantime, Great Britain was behind even Italy in an industry in which she should, by right of priority and practical application, have led Europe, and been side by side with the United States. When these facts were fully established, British ire was thoroughly aroused. Whatever may be the final outcome, and whether private enterprise ever comes to an understanding with these authorities as to boundary lines or not, these attacks have weakened their power. If municipalities still, as is probable, cling tenaciously to that which they have they will have to fight harder for that which they may in future wish to appropriate. The municipal traders may preach "on finality to municipal trading," but Parliament, the limitation of debt-creating power, the patience of the ratepayer and the necessity of encouraging British industry, will prevent its being carried out.

As I have said, until the time of the severe attacks on municipal trading referred to above, we had been given to understand in America that in Great Britain wonderful success had attended the efforts of municipalities to monopolize individual endeavor or enterprise. The appeal, however, was chiefly made on the exceedingly fallacious ground that the "profits" thus extracted from the pockets of the capable and enterprising, the energetic and far-sighted, the ingenious and the inventive, were enabling the rest of the community to live free of taxation. Herein lay the chief attraction. Mr. Donald, editor of the Municipal Journal, has disposed of this point himself, and thus denudes his whole theory of "no finality to municipal enterprise" of its principal charm to American municipalities by the following declaration: "It would be preferable in all cases that municipalities ceased to make profits from their undertakings—whether gas, water, electricity or tramways."

Here we have an advocate of municipal trading in Great Britain abandoning the y essence of the argument of his co-laborers across the Atlantic. The bait of lower :ation is the luscious morsel which the Bryanite orator and American college profes- have been dangling before the American taxpayers. Without it the subject will not ›ve permanently attractive, and hardly command respectful attention.

The Parliamentary Committee on Municipal Trading has given the British public l information on the merits and demerits of municipal trading. Much of the work ne by British cities deserves nothing but the highest commendation from the American e of the Atlantic. Here and there we are endeavoring to follow in British foot- ps in all matters that contribute to a higher civic life. We have only recently car- d on a non-partisan and united fight to rescue New York from the evil influence of : Tammany Association. Municipal government in the United States is not so bad it is sometimes painted, and in many cities of medium size honest and capable gov- nment is enjoyed. We are willing to follow British municipalities in the higher and ›bler work they are doing, providing it does not take us along the dangerous river of unicipal trading into the unknown sea of Socialism. The expansion of the functions municipal government for the protection of public safety and public health is legiti- ate, and should be encouraged. The question to be solved is: "Must the economic id idealistic functions of municipal government expand in like manner?" We have ›ne around the circle, and here we are back at the old issue which marks the parting the ways.

There will be more difficulty in finding the safe road in Great Britain than in the nited States—that is(if municipal ambition can only be held down to non-profit pro- ıcing undertakings.) John Boyd Thatcher, Mayor of Albany, once said, in speaking on is subject: "If the city may do those things for the individual which he cannot do r himself, may it do for him those things which he finds it inconvenient to do for him- lf? If it may care for his safety and health may it also care for his morals and ac mforts? If it may build him an academy to educate a sound mind, may it build him gymnasium to devolp a sound body? If it build him a gymnasium to train his mus- es may it erect an arena to test his prowess? If it publish police rules and regula- ›ns for his conduct, may it establish an ethical college to teach him the foundation of ligation? If it may teach him ethics, may it teach him religion? And may all these ings be done at public expense? Here our vessel breaks from its moorings and drifts ward the beautiful, but dangerous, coast of Paternal Government."

These words are quoted because they summarize the arguments which those who pose it meet with every day. Those who believe in and want paternal government d socialism frankly say they favor the whole socialistic programme, that a city ould conduct all functions, from divine worship down to the manufacture of tooth ushes. Those who do not believe in socialism and yet persist in enlarging the sphere municipal trading, should realize that by the destruction of individual effort they are pidly undermining the very foundation of their country's strength and greatness.

If the State or city takes away, one after another, the opportunities for profitable nployment of private capital and brains—the latest proposal being fire insurance—the gical result is that other occupations become overcrowded, the struggle for existence ows harder and an increasing number of persons must come upon the State or city for upport.

The State's function is to give every man an opportunity to do business under a ible government. The question will be asked, is it safe to trust municipalities to do these things at public expense? In spite of the cry "No finality to municipality en- prise," there will be a finality when, as Mr. Thatcher suggests, the vessel of muni- ›al trading drifts towards the alluring but dangerous coast of paternal government.

Germany has lately set her face against municipal ownership and operation of public utilities, for the simple reason that she had carried officialism as far as it was prudent to go. The government employees tended always to increase; and there, as in Great Britain and America, it was found that employment by the government signified much which did not at once appear. The line had to be drawn somewhere. Even in Germany it was not considered expedient to add to the number already existing the numerous officials and employees of all the street railway systems in the empire.

Of the fact that State or municipal ownership deadens enterprise there can be no sort of doubt. That the timid policy of the British Parliament in tying great modern enterprises to the apron strings of local political boards by such legislation as the Tramway Act, the various lighting acts and now the Telephone Act of 1899, has had much to do with the backward condition of the electrical and other great industries, is proved by the testimony before the Select Parliamentary Committee. In a like manner the over-zealous corporation, in thwarting company enterprise, because of its own investments in these undertakings, has soaked the activity out of private capital and kept it back from channels which it would otherwise have sought, to the benefit of the kingdom at large. In short, it has chilled enterprise.

In the United States capital in these industries has had a freer headway—not a go-as-you-please, as some seem to imagine—than in Great Britain; and, in my opinion the results have been more satisfactory. Private enterprise may need curbing a bit, and this work our various State legislatures seem fully competent to perform. Better let such undertakings become profitable and reward individual endeavor and enterprise, than by unjust impediments and State and local "jay-hawking," leave them in a moribund condition.

Perhaps, in conclusion, I may be pardoned for saying a word on what we have accomplished in the United States in certain branches of industry which British municipalities seem to watch over so zealously. Take, for example, our twenty thousand miles of street railways, not a mile of which is under the fostering care of a town clerk—though some of it may be in the hands of a receiver—"better that," some will say, "than on the rates." The private capital involved in this industry—almost brought into existence since the introduction of electricity as a motor power—is variously estimated from three hundred to four hundred million pounds sterling. American gas works and electric light plants have gone on increasing side by side. When electric light was first introduced gas stocks went down, but private capital soon rallied and individual courage invented new methods to make gas cheaper, and new avenues for its use—power producing, cooking, etc.—so that the consumption of gas has doubled and trebled while electric lights are being strung up all over the country.

To-day, I am told by one of our greatest experts, the best, steadiest and cheapest electric light can be made with the aid of gas and the utilization of the gas engine. Yet some British municipalities are snapping at private capital and holding up provisional orders for electric plants because they own and operate gas plants; and are doing all sorts of other queer and antiquated things, based, I believe, on the theory that gas and electricity are rivals.

There is too much of the spirt of "you-must-have-what-we-have-got" about this municipal trading idea to make it popular in the United States. If private capital wants to take the risk to give a community cheaper transportation, cheaper and better gas, to encourage its use for cooking or for manufacturing purposes by distribution over large areas, by all means let them do it. If individual effort and private capital want to start electric light plants or distributing power houses, the way will be found in an American city. Energy of this sort in America is not found hopelessly knocking at the city gates, as at some of the modern "walled municipalities" of Great Britain.

"That is all very well," one hears our municipal friends say, "but we must keep out these tramways, and gas, and electric, and telephone, and telegraph companies, for they spoil our streets and run their rails, and mains, and poles, and elevated structures, and tunnels, and subways in every direction, and the public get nothing in return."

While I do not propose in this article to be enticed into a defense of all the private company iniquity of the United States, and while there has been, and is now, much that is reprehensible in their actions, we are still obliged to admit that the general result has been satisfactory. Public officials are giving more attention to these matters, and the rights of the public are much more carefully guarded than heretofore.

A municipal trading city may make a profit on its transportation, its gas supply, and its electric lighting. It is for those who represent private enterprise in Great Britain to demand to know how the profit compares with the amount of money which American private companies working such undertakings annually pay into the city and State treasury for the right to use the streets for various purposes. Mr. Garcke has given us, I think, nine sound principles which should be strictly adhered to in making fiscal comparisons between corporations and company undertakings. Prominent among these should be an estimate of the taxes which a municipalized city loses by owning and operating its own profit-making enterprises.

One of my municipalistic friends said to me the other day that the city was entitled to every penny of the profit from such enterprises. Suppose, for argument's sake, we admit this assumption. Having done so can we not conceive of a condition wherein private enterprise, with its greater experience, its scientific experts, and with its bolder operation, might bring better results in a given field, and while yielding a profit for its own capital and a reward for its own enterprise and experience—which should not be given grudgingly—still pay a greater sum into the city treasury and at the same time serve the public more cheaply and more efficiently? Take, for example, the Brooklyn Rapid Transit Company, paying over a million dollars annually as taxes. It has worked up an extensive business in transportation, has consolidated smaller tramways, pays the city nearly two hundred thousand dollars annually for the privilege of carrying passengers from New York free across the Brooklyn Bridge, and will even carry passengers twenty-two miles at a good speed for the modest fare of five cents; or two pence half-penny. Then, again, the Metropolitan Street Railway of New York, carrying nearly two hundred million passengers on transfers free of cost—ten million dollars thrown away, some people contend. Surely here America can match the British municipalist half-penny fare of which one hears so much.

This bold stroke on the part of the Metropolitan Street Railway of New York, of free transfers, brings business as would be the case if some great central railway company secured the underground and tubular railways of London, electrified the roads, unified the fares, and sent the passengers night and morning in whichever direction they wished without thought of greater and less fares for greater and less distance, or of class, for a run of ten or fifteen or even twenty miles around London.

This same Metropolitan Street Railway has just "scrap-heaped" a good cable plant worth over five million dollars because it stood in the way of electric progress. The same company last year paid nearly a million dollars in taxes, without counting the value of paving and street cleaning, and removal of snow, which, under the agreement they have to do on streets over which their tracks run, and which is charged in with the operating expenses of the company.

The Union Traction Company of Philadelphis has for this article made an estimate of their taxes and, including the cost of the maintenance of paving, removal of snow and ice, and the interest on the original $14,000,000—the cost of improved pavements laid by the company at the time the franchise was granted—this aggregates over $2,000,000 annually. These would seem goodly sums, and certainly dispose of the asser-

tions that the American street railway companies use the streets free. The official report from Massachusetts shows, on gross receipts of about $230,000,000 for all street railways of the State, taxes of $13,500,000—about 6 per cent. of the gross earnings.

These companies also pay out enormous sums for injuries and damages. American courts are severe on the railways and the juries liberal to the injured passenger. The Brooklyn Rapid Transit paid last year $800,000; the Metropolitan Railway of New York, $335,000; and the street railways of Massachusetts, $600,000. The Manhattan Elevated Railway of New York, besides its very heavy annual taxes, has paid since its existence $12,500,000 in claims for damages, and has an equal number of claims still pending.

Here and there large fortunes have been made out of these ventures, but the street railway companies of the United States, when enormous items of special expenditure as above indicated are deducted, are not making as much money as the municipal trader seems to think. The same holds true of companies supplying gas, electricity, telephone communication and telegraph service. The British Government is losing heavily, I understand, on its telegraph business. We have two competing companies which give us a good and cheap telegraph service, and both seem to make reasonable dividends, in spite of the inroads of the telephone.

The unhappy story of the British telephone industry, divided now under three heads—governmental, municipal and private—is too familiar to readers of Cassier's Magazine to require more than a passing reference. A strong company, if given a fair chance, would have, in my opinion, served both public and State more satisfactorily. The telephone is of real value in the United States because it works well, the connections are quickly made and it is easily reached. In our large cities public telephones may be found on almost every block. Our telephone stations in some cities are places of luxury, where you may read the latest newspapers and smoke while waiting, and when your "calls" are answered, do business all over the United States. Sharpwitted and quick American girls serve you with civility and promptitude. If you do not get the person you want you do not pay. The trouble some of these operators take to connect the proper exchanges and get the right people on the telephone would astonish the coolly indifferent operators in British postal or trunk line exchanges. It is private business, and in many instances competing business. It pays to push it, and it is vigorously pushed.

These few facts are not submitted in a boasting spirit. We have in America by no means solved these problems, and have much to learn in dealing with them. Again, conditions differ so widely that what may be suitable for us might not be practical in Great Britain. We have begun much of this work with a clean white sheet before us, and have worked out our plans without the numerous obstacles which an older civilization like that of Great Britain places in the way. If I have been able to show that we are not quite so foolish in dealing with these franchises and conducting these extensive business operations as some municipalists seem to imagine, this article will have answered its purpose; and if our experience will help those in Great Britain interested in private endeavor to a greater development in such industries, I shall be happy, and shall have accomplished all I could possibly hope for.

POSSIBILITIES OF MUNICIPAL CONTROL.

In a little book entitled "Corporations and Public Welfare" containing addresses delivered at the annual meeting of the American Academy of Political and Social Science at Philadelphia in 1900, Professor Rowe, of the University of Pennsylvania, discusses the question of the control of corporations by municipalities, and points out the changes which are occurring in the situation owing to the rapid growth of the cities. He says:

"We have become so accustomed to regard the gas, water and street railway services as purely local in character, that the adaption of our administrative machinery to the new conditions under which these industries are now carried on is extremely slow and is attended with great difficulty. The forces at work in destroying the local char-

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e industries are increasing in strength at a rate which must soon compel nt of the system of control.

of these influences is the rapid growth of the suburban districts of our , offering profitable opportunity for the extension of the gas, water and y services beyond the limits of the city. With every such extension the production and distribution has been increased and has finally led to the rd of the municipal, county or township lines. As regards the water ser- vement has been further strengthened by the necessity of seeking sources great distances from the distributing centres. The economy of supplying ties along the route dictates the inclusion of a considerable section of a the area of exploitation of a single company.

ase of the street railways, the change in motor power from horse to elec- ompletely revolutionized the service; furnishing the most striking instance ged relation of the municipality to this class of industries. What was once al means of transportation has already become interurban and will soon network of communication throughout the various States.

ect result of these changes two important questions present themselves: an the municipality still be regarded as the effective unit of control over corporations? and

, Can the State permit the municipality to fix the conditions under which ies may be carried on?

the first principles of government control over industry is that the unit of not be inferior to the unit of exploitation; that is to say, the power of thority must, at least, be coterminous with the field of operation of the in- has ceased to be the case with the street railway companies and, to a cer- with the water and gas companies. Just as the difficulties of State control tions, particularly transportation companies doing an interstate business to national control, so the extension of the municipal public service indus- the limits of the municipality will force the substitution of some larger ad- unit—possibly the State itself—as the controlling authority.

with which the local control is evaded by companies operating one system umber of municipalities immediately suggests itself as the most important favor of a change in the form of control. All that is necessary is a skilful of accounts by which these portions of a street railway line or water plant to be under the supervision of the most troublesome local authorities are th an undue proportion of fixed charges and operating expenses. When, husetts, it is not uncommon for a street railway company to operate under m ten, and in one case from nineteen different towns, independent muni- is out of the question. The State railroad commission is the recognition s condition of fact.

gers involved in independent municipal control are not confined, however, question of corporate supervision but include the efficiency of the service fact, this is by far the most important aspect of the question. The tra- al self government in which we have been trained lead us to regard muni- over the granting of franchises with the same unquestioned assurance as p of public highways, in fact, the former as part of and incident to the

The harmony between these two powers remained undisturbed as long as the effects of local control did not extend beyond the limits of the municipality. With the expansion of the public service industries, however, an entirely new situation confronts us. Territorial districts larger than the municipality, yes, even the State itself, have a real, a vital interest in the conditions of a franchise grant. The State can no more permit one or two towns to hold up a great system of public transportation or the interurban distribution of water or gas, than it can tolerate the blocking of great public improvements by individual property owners.

Nor is this difficulty likely to disappear. Municipalities are being subjected to increasing temptations to exploit their strategic position by placing extortionate burdens upon public service companies. Here again the tendency to lay exclusive emphasis upon the money return for the franchises, rather than quality of service, increases the danger of conflict between the interests of the local treasury and the community at large. The only possible outcome of the situation will be that the conditions of franchise grants by local authorities will be subject to review by a State board, or that the State law will set the terms or at least the limits of local authority.

MUNICIPALITIES VS. PRIVATE CORPORATIONS. POLITICAL AND BUSINESS MANAGEMENT COMPARED.

M. J. Francisco, of Rutland, Vt., who describes himself as an electrician of twelve years' experience, manager of an electric light company and once president of the National Electric Light Association of the United States, is the author of a pamphlet with the above title. His pamphlet is filled from end to end with statistics and deductions therefrom, and it gives probably the strongest arguments which can be adduced against the principle of municipal ownership. There is room here for only the few extracts which follow:

Francisco's Pamphlet, pp. 9-21.

The whole foundation of municipal ownership is based upon the assumption that inexperienced hired employees of a city, who have not a dollar at risk and in many cases have been given the position as a reward for helping some political aspirant to office, can and will run the plant and manage the business more successfully than members of a private corporation, notwithstanding the latter may have nearly all their property invested in the enterprise, and a failure means ruin for them. Is it not reasonable to suppose that men under such conditions will give closer attention to business, and guard and investigate every branch and detail of its work? Is is a well-known axiom that the more a man has at risk, the closer attention he gives to its details and economy.

As ex-Mayor Fitler says: "A little mismanagement here, a little extravagance there, would change the dividends of the private companies to municipal deficits, and when they advocate municipal operation of street railway lines they advocate an experiment, the effect of which they know absolutely nothing about and have no possible means of calculating."

Hon. Charles O'Connor says that "by means of general laws admitting no favoritism or partiality, all requisite individuals through corporate forms should be afforded individuals for conducting every description of lawful business, so as to prevent any needless action by the municipality, or the employment of its officers in any affairs that could be committed to individuals as a business."

The statement of the city clerk of Tacoma shows that when the city furnished their own power it cost them two and sixty-four one-hundredth cents per kilowatt, and now they buy it of a private corporation for one and sixty-two hundredths of a cent per kilowatt, demonstrating that because of the care and close attention given to the busi-

ness by the private company they can afford to furnish the current at a less price than it costs the city to produce it in their own plant.

Every one knows just how an election is managed in American cities. As soon as a man is elected he must pay his followers for their support by distributing the offices at his command, and as he has been elected by the political leaders' management, he must acquiesce in their demands, no matter what the result may be upon the affairs of the city. This has been the rule of the government as well as municipalities, and an official in the post-office department once said: "The blind policy of substituting inexperienced for experienced men comes at every election; whole lines are stripped of their experienced men and the creatures of politicians are put in their places."

The majority of voters in all cities are practically non-taxpayers, that is, they pay only a poll tax, and, therefore, it is immaterial to them what the expenses are, provided they can secure the favor of the ward boss, and this party seeks every opportunity of impressing upon them his ability as a political fighter. The North American Review truly says: "The constant element in municipal affairs is the unremitting desire of the politician to gather masses of votes, and of the contractors to place men, who furnish them, to prey upon the city treasury. The people who do not pay are always ready to create debts against the people who must pay."

Professor Bryce said: "That the Philadelphia gas ring controlled at least 20,000 votes, and the number of men employed in a gas plant is very small when compared with the number employed in other lighting works."

We are told that where the city owns the plant they can produce the lights for half the amount it costs private companies, but it has never been proven, and cannot be. Assertions are not evidence, while it is a fact that the cost of municipal work is notoriously greater. We have an example of the economy of public work in the capital at Albany.

John Stuart Mill well says: "The mischief begins when, instead of calling forth the activity and powers of individuals, it substantiates its own activity for theirs."

It is well known that municipal ownership is purely and simply a political move to secure votes for some aspirant for office, and that it is used for this purpose, regardless of any other question. Parties have publicly announced that they are using it as a plank upon which to stand while they gather in the votes. It has become a well-established principle with both political parties that city government is the legitimate spoils of the victorious party. It is for the purpose of catching the votes of the laboring class that lower rates of taxation, with shorter hours and higher wages, are promised, but these are forgotten as soon as the election has passed, as was shown in Detroit and other places.

In Alameda, Cal., it was carried so far that men were forced to work in the municipal plant fourteen hours at a run, and the engineers have fainted at their post as a result of such overwork. The Alameda Argus says: "The light it sells is sold at a loss. As a business venture Alameda's experiment is a rank and wretched failure. As a pet scheme of the municipal ownership faddist it will flourish as long as the people submit to the high taxes which it imposes."

When the advocates of municipal ownership find themselves unable to disprove the facts disclosed under municipal management in this country, they immediately fall back upon Glasgow and the wonders achieved there by municipal ownership. The conditions are not the same in Glasgow as are found in the United States. The government is entirely different, and the political situation that exists in this country is not found there. Wages there are less than half those paid in this country. Conductors on street care are paid 93 cents per day the first year, and $1.04 the third year, while conductors on street cars in New York are paid $2.00 the first year and $2.25 after that. The average wages for railroad men in Glasgow are 78 cents per day, while in New York it is $1.88. Here we have a difference of more than 100 per cent. in wages alone.

Any one who has traveled over the street railroads in Glasgow knows perfectly well that the whole equipment and accommodations are antiquated and behind the age, while the service furnished there would not be tolerated in any city in the United States. We are also told that the profits or revenue from the street railway in Glasgow is so large that it pays all the expenses of the government, while, in fact, the roads are not operated for the purpose of producing a revenue to meet current expenses of the municipality. Instead of there being no taxes in Glasgow, they are more burdensome than in this country. Rents are taxed 12½ cents on every dollar that a man pays, and the owner of the property has to pay the same amount of tax; besides this license taxes are levied. You pay a tax for every servant you employ in the house, also on every horse or carriage; in fact, you cannot turn around without running against a tax collector. Mr. Robert Crawford, of Glasgow, a strong advocate of the system in that city, says: "Before I came to this country I saw no reason why American cities should not adopt municipal ownership, and wondered why they had not done so. But now that I have obtained an insight into the conditions that prevail in your cities I have entirely changed my views. As things are now in your cities, municipal ownership is an impossibility. Success in that great undertaking is out of the question so long as party politics figure in municipal elections, and so long as city offices are used to reward political work. With the conditions that exist in American cities to-day, municipal ownership is utterly impracticable. It can never be a success until the system of political rewards is entirely divorced from city government."

This is the testimony of a citizen of Glasgow after he had visisted the United States and studied our political management.

The financiering plans of socialists and economists, as given in a book lately published, is certainly original. They say: "The bonded debt incurred by a private company is looked upon as an investment, and not a burden—it is never to be paid off, while, on the other hand, in a public industry a debt is a burden to be liquidated as soon as possible." That is, if a private company issues bonds, it is so much clear gain, they will never have to be paid; but if the city issues them they are a debt and must be paid. Perhaps some of our learned friends will tell us how a mortgage, given by a private company, is an asset, while the same mortgage, if given by the city, is a liability? Yet such arguments are advanced in the support of municipal ownership.

If the advocates of municipal ownership desired to give a fair comparison between private and public ownership and furnish taxpayers facts, they would compare the cost by the two systems as shown at the present time. Instead of this they quote prices charged by private companies ten years ago, when everything cost more than three times what it does now, and then compare the cost of the municipal plant at the present day. In 1888, when the private companies were furnishing the lights, the dynamo used cost $43.20 per arc, while the lamps cost $50.00; now the dynamo would only cost $19 per arc, and the lamps $22.50. Carbons cost then from $40 to $50 per thousand, now they can be bought for $10.

Why is it that advocates of municipal ownership constantly decry private corporations? Is it for political effect, or to cover some of their own schemes?

If we could roll back the wheels of time for one hundred years, we should find people trucking their grain to market with ox teams, travelers wending their way through the country upon horses and in the old lumbering stage coach or the prairie schooner, dragging its slow way across the continent; letters and papers delivered from five days to nine months after they were written or printed; transactions in London not reported in New York until weeks and months after they occurred, while any communication with California was almost impossible.

In place of this crude and expensive system, the business man of to-day can breakfast in New York and dine in Buffalo, or he can leave the Atlantic coast on Monday,

climb the Rocky Mountains, covering 4,000 miles of space, and bask in the genial air of the Pacific coast on Friday; sit at his breakfast table and read the accounts of what was done the evening before in England, Russia, China, South Africa, and, in fact, news from every civilized country in the world, stand at his counter in New York or Boston and talk with his agent in Chicago; flash a message around the world and receive an answer in twenty minutes.

All of these wonders are the creation of private corporations. It is these corporations that have made America what she is, the grandest and most powerful nation upon the face of the globe.

DEPRECIATION.

"Depreciation should not only account for the actual deterioration of the apparatus due to its use, but should include the reduction in the market price of apparatus, and the loss upon apparatus which becomes commercially useless through the progress of the art, as well as those appliances which may become valuless, not because they are worn out or out of date, but because the growth of the business in that particular locality makes it no longer economical to use them, and although in condition to do the work for which they were originally designed, nevertheless become practically useless through the necessity for a reconstruction or rearrangement of the works to meet new conditions."

Experience is the best teacher and will demonstrate fully the length of time apparatus will run successfully. When the apparatus becomes worn, and is old and antiquated, no company can afford to use it on account of the heavy per cent. of loss in producing the lights. For this reason, little or nothing can be obtained, for the old machinery and the value of the plant when renewed would be no greater than when first erected.

Wabash, Ind., used dynamos and lamps, costing $1,800 for six years, and then sold them for old junk.

Alameda, Cal., sold apparatus costing $20,000, after seven years' use, for $350.

Xenia, Ohio, sold apparatus costing $35,000 for $10,000, after using it eight years.

Marcaline, Mo., sold apparatus costing $1.600 for $800, and only used it nine years.

Michigan City bought apparatus and paid $10,000, used it six years, and sold it for $2,500.

Moline paid $15,000 for apparatus, used it eight years and sold it for $8,000.

Gravesend, L. I., paid $120,000 for apparatus, kept it two years, and sold it for $30,000.

Bloomfield, Iowa, purchased dynamos in 1891 and in 1896; they failed and had to be replaced with new ones, at an expense of $5,000.

Hull, Mass., voted to borrow $2,000 to pay for repairs caused by an accident during the year.

Marquette, Mich., paid $15,000 for replacing apparatus in one year.

Northfield, Vt., had to spend $8,700 to replace machinery after using it two years.

Topeka, Kan., sold apparatus costing $20,000 for $1,500.

Bay City, Mich., had to replace their engine after six years' use.

The experts employed by the mayor of Springfield, Ill., made the depreciation 10 per cent. per year.

The committee appointed by Congress made it 10 per cent.

The mayor of Decatur, Ill., said after several years' experience with a municipal plant, that if 10 per cent. was allowed for repairs, and then 10 per cent. added for depreciation, it would not be too much.

The mayor of Rick Falls, Ill., says: It will be noticed that I have figured a 10 per cent. depreciation of plant. This is by no means a high estimate for property of this class, and is one that it is absolutely necessary to take into consideration. It is a

plain business proposition, that any institution to be a safe, not to say profitable investment, must be capable of maintaining itself against depreciation, that the property may at any time be worth to its owner its original cost. There would be no surer way for the city to lose money than to run the electric light plant at a rate of income that only paid operating expenses. In the end, the plant must become worthless through lack of maintenance, and the original investment would certainly be lost."

The superintendent of the municipal plant at Sharpsburg, Pa., says they paid $20,000 for the plant, but can duplicate it complete for $10,000.

The engineer who constructed the Ypsilanti, Mich., plant says that 10 per cent. depreciation is very low.

The manager of the municipal plant at Marietta, Ohio, says depreciation cannot be made less than 10 per cent.

The experts at the Philadelphia investigation made it 10 per cent.

The best expert in England states that 10 per cent. is as low as it can be calculated.

Oxford, Ohio, paid $25,000 for a plant, and can now duplicate is for $12,000.

Marshalltown, Iowa, paid $4,000 for two dynamos, and abandoned them after ten years' use, and cannot sell them for more than $600.

Detroit started plant in 1895, and in 1899 the lighting commission asked for $38,000 to replace some of their dynamos with new ones.

A private company sold a dynamo, costing $1,900, for $260, after six years' use.

Taunton, Mass., installed a municipal plant in 1897. In March, 1898, the mayor sent a communication to the city council, notifying them of the breaking down of the engine in the municipal plant, and recommended that $5,000 be appropriated to purchase a new engine and prepare a foundation for same.

Logansport, Ind., had to expend $12,000 in replacing their engines and boilers, installed four years before.

Mayor Quincy, of Boston, when he made the ten-year contract with the private company to furnish the lights, inserted in the contract the following agreement: "The company are allowed to charge off, as against the city, such depreciation as it actually provides for, but not exceeding 7 per cent. per annum on its total investment, exclusive of land. This limit was fixed after careful consideration, and in the opinion of the city engineer it represents no more than a proper allowance for this purpose. The principle of providing for the depreciation of a plant which deteriorates, or becomes obsolete as rapidly as an electric light plant does, is the only proper one, and it seemed to me that sound public policy required the city to provide for a sufficient allowance for depreciation, rather than ignore this necessary element of cost, as is too often done."

The city clerk's books of Little Rock show that they spent between 1888 and 1892 $39,704.80 constructing the electric plant.

In 1894 they appropriated $30,000 more, making a total of $69,622.

In the city clerk's report for 1895 he states that the total value of the plant at that time was $35,000.

Here is a shrinkage of about 50 per cent. in less than seven years. If there is only 3 per cent. depreciation on electrical apparatus, as claimed by advocates of municipal ownership, why is it that a plant costing $69,622 at the end of seven years is only worth $35,000, and at the end of ten years, in 1899, it is necessary to spend $50,000 more to put the plant in proper shape to do their business?

Halletsville, Texas, had to abandon their old plant and construct a new one, the old one being out of date.

Toledo, Ohio, invested $2,000,000 in a municipal plant, and after ten years the highest bid they could get for it was $300,000, making a loss of $1,700,000.

Swanton, Vt., a pulley burst and destroyed instantly a dynamo that cost $3,000 to replace, and it only had been used a short time.

Ex-mayor Matthews, of Boston, whose ability and integrity is beyond question, after an examination of the municipal plant at Detroit, says: "We must make full allowance for the depreciation in the plant due to wear and tear, to the progress of invention, and to the occasional necessity for enlargement and reconstruction.

"I estimate a proper allowance for depreciation on this plant as follows: Buildings, machine shop, scales, etc., 4 per cent.; steam plant, 7 per cent.; electric plant and overhead system, 10 per cent.; conduits and cables, 5 per cent.

"These allowances average about 7½ per cent. on the first cost of the plant, exclusive of the land.

"Depreciation is the main reason why portions of an electric light plant must, from time to time, be discarded and sold for old material, but is not, however, due to the actual use and wear of the machinery, but to the fact that the progress of electrical invention is so rapid that from time to time entirely new machinery is put upon the market, so superior in economy of operation that the electric light companies cannot afford to keep the old machinery and to the further fact that no electric light plant is laid ut at the outset of sufficient dimensions to accommodate the growth of business indefinitely, and accordingly there arises a periodic necessity for reconstruction and enlargement, which incidentally involves the destruction or abandonment of a part, often a considerable part, of the existing buildings and machinery. These considerations are, of course, well known to everybody interested in electric lighting.

"Some persons, also while admitting that the depreciation in electric light plants, due to these causes, has been fully 6 or 7 per cent. during the ten years just past, contend that no such rate of depreciation is to be expected in the future; but to this it may be replied that the experience of the recent past is the only safe guide to the probabilities of the future, and that the manufacturers of electric lighting apparatus are no more confident that the limit of invention has veen reached in this branch of industry now than they were ten years ago."

William Jackson, city engineer of Boston, says that a fund or account should be created to cover depreciation, renewals, etc. (as distinguished from repairs), and that the payments to this fund should amount annually to 2 per cent. of the cost of the buildings, 5 per cent. of the cost of boilers, etc., and 10 per cent. of the cost of engines, generators and other electrical apparatus, including all outside construction. These percentages will be found, when added together, to amount to from 7 to 7½ per cent. of the first cost of the entire plant, or sufficient, if invested in a sinking fund, to equal, with the annual increment thereon, the first cost of the plant in about ten years.

An advocate of municipal ownership, who claims nothing should be allowed for depreciation, says: "Supposing there is a depreciation in the municipal plant, suppose the whole plant, costing half a million, is lost, all that is necessary to do is to levy a tax and replace it; if it is squandered, there is plenty more that can be procured by taxing the property of the citizens."

The following extracts from the report of the lighting commission of Detroit, published in the Detroit Journal, shows the condition of the plant under their plan of 3 per cent. depreciation:

"The public lighting plant has been allowed wofully to deteriorate. The entire power plant will have to be overhauled. The lamps have not been renovated for two years and are causing great trouble. The roofs of the power house are leaky and defective. The line poles are rolling away. There is no reserve power in the plant and more power must be added. The machinery and lines have not been properly maintained and will have to be overhauled and repaired. The dock back of the works is rotting away."

Here is the history as given by their own commission or what is claimed to be the most successful municipal plant in the United States.

Mr. Francisco then gives a list of 31 places in the United States which have sold or abandoned their electric plants with causes of failure in each case. He then gives some pages of statistics as to the alleged and the real cost of electric lighting by municipalities, and from them he deduces the following:

COST WHEN TRUE ACCOUNTS ARE RENDERED.

Scores of statements have been made by the advocates of municipal ownership, showing that the total cost, in certain cities, of an arc light, where city owned the plant, was from $25 to $50 per year.

Yet when the gas and electric light commissioners of Massachusetts, who are furnished with sworn statements of the municipal plants, and then send an expert to examine their books and verify the costs, and find that the average, of all the municipal plants in the State using 1,200 candle power arc lights, is $99.45, only burned 2,148 hours per year. How are these advocates of municipal ownership to explain the reason for this great difference in the cost in Massachusetts and the plants which they quote. Of course, there can be but one reason given in Massachusetts, the true facts and actual cost is shown, while in the cases reported by these advocates in other cities, they simply give a part of the operating expenses, and the rest are charged to other departments, and interest, depreciation, taxes, and sinking fund, are entirely ignored, as is shown in the report of Chief Walker, of Philadelphia, when he reported cost of operating a municipal plant:

Made no charge for the services of a superintendent.

No provision for a machinist.

No charge for the removal of ashes.

No charge in the cost of maintenance for repairs to engines, boilers, dynamos, lamps, etc.

No charge for the use of a horse and wagon.

No provision for insurance.

No charge for water that would be consumed.

No provision for repairs to real estate.

No charge for lost taxes.

No charge for interest.

The remainder of the pamphlet is given up to records of the experience of different municipalities with their electric light plants, and some newspaper opinions as to the causes of the several failures.

MUNICIPAL ELECTRIC LIGHTING. A CRITICISM OF FRANCISCO AND FOSTER AND A COMPARISON OF THEIR CONCLUSIONS WITH THOSE OF FRANK PARSONS.

By John R. Commons in Municipal Affairs.

Municipal Affairs, Vol. 1, pp. 633-670.

In electric lighting the process of municipalization is as yet mainly in the small places. While but three cities over 100,000, according to the census of 1890, have municipal electric plants, it appears from the list of sixty-four cities with municipal plants, as given by Mr. Francisco, that twenty-nine have less than 5,000 population, nineteen from 5,000 to 10,000, making a total of forty-eight or three-fourths under 10,000; and fourteen range from 10,000 to 50,000. The fact that the preponderance lies so largely on the side of the small cities and villages is sometimes advanced as showing that large cities are not competent to undertake this function. While such a conclusion is, of course, not logically warranted, there are patent reasons why municipal ownership should achieve its

uccess in the smaller municipalities. Here, as I have already said, government lies to the people. The officials are known to everyone. They cannot retire under ield of their friends and party councillors. They are accessible to the personal laints of everyone. In large cities newspapers do the complaining, and everybody mts these as the organs of partisanship or corporate jobbery. The people do not in contact with their officials. But it is otherwise in the small cities, and the re- s a constant effort on the part of officials to meet the demand for efficiency and my.

he voting constituency, too, has a preponderance of small property owners, the r and independent middle class, who have always been the bulwark of popular gov- nt. There are no multi-millionaires on the one hand and no overwhelming array ge-workers dependent one upon the other. This relieves the community both from achinations of a few rich men who, in every city, use their power to exploit ther bors, and whose interests are, therefore, against honest government; and also the blind struggles of the working classes to secure through politics those advant- and liberties which they are unable to obtain in industry. This makes both the istration of the civil service a simple matter, and the hours and wages of labor in employment conform to the most exacting conditions that obtain in private industry. elow is a table showing for street plants in large and small cities the varying f labor per arc light for public and private plants.

TABLE I.

COST OF LABOR PER ARC LIGHT.

1. Labor Employed, 72—84 Hours per Week with Water Works Plant.

	Arcs.	Per Year.	Per Lamp Hour.	Authorities.
		$	$	
k, N.Y.	75-2000	*a* 12 18 *b* 12 95	*a* .0039 *b* .0044	*a* Computed 1897. *b* Foster
, N.Y	103-20 0	19 21	.0056	Computed 1897.
er, N.Y	55-2000	28 50	.0097	Computed 1896.
ll own, Ia	64-2000	9 19		Computed from Mayor's
n, Me	100 2000	22 00	.0079	Foster. [figures.
, Me	150-2000	24 00		Parsons.
Ind	40-2000	31 00		Parsons.
g, W. Va. (with gas)		87 00		Parsons.

2. Labor Employed, 60—84 Hours per Week—Street Plants alone.

	Arcs.	Per Year.	Per Lamp Hour.	Authorities.
		$	$	
iet, N.Y	103-2000	*a* 25 00 *b* 24 44 *c* 26 61	.0062	*a* Parsons. *b* Foster. *c* Computed 1897.
Pa	108-2000	*a* 22 76 *b* 28 00	.0075	*a* Foster. *b* Parsons.
l.	98 2000	32 50		Foster.
, Mich.	103-2000	*a* 17 16 *b* 24 00	.0071	*b* Parsons. *a* Foster.
Ill	179-2000	28 50		Parsons.
h, Mo	253-2000	27 50		Parsons.
, Ia	14-2000	*a* 26 00 *b* 12 08	.0178	*a* Parsons. *b* Foster.
lle, O	70-2000	20 00		Parsons.
ck, Ark	*a* 132-.000 *b* 210 2000	*a* 35 12 *b* 21 00	.0162	*a* Foster. *b* Parsons.
Kan	184-2000	34 00		Parsons.

PUBLIC PLANTS WITH COMMERCIAL LIGHTING.

3. Labor Employed, 60—72 Hours per Week.

	Arcs.	Per Year.	Per Lamp Hour.	Authorities.
		$	$	
Hannibal, Mo	350-2000	14 89	.0063	Foster.
Lucerne, Minn	124-2000	8 71	.0048	Foster.
Farmville, Va	63-2000	30 02	.0139	Foster.
Madison, Ga	73-2000	28 51	.0132	Foster.
St. Clairsville, O	105-2000	9 25	.0070	*b* Foster.
	80-2000	15 97		*a* Parsons.
Chelalis, Wash	90-2000	45 61	.0118	Foster.
Westfield, N.Y	110-2000	21 08	.0124	Foster.

4. Labor Employed, 48 Hours per Week—Street Plants alone.

	Arcs.	Per Year.	Per Lamp Hour.	Authorities.
		$	$	
Chicago, Ill	1,100-2000	52 21	.0131	*b* Parsons.
		52 20		*a* Foster.
Detroit, Mich	1,700-2000	38 38	.0101	Computed 1897.
Allegheny, Pa	620-2000	27 00	.0058	Parsons, Comput'd 1
	1,235 2000	23 46		

5. Private Plants.

	Arcs.	Per Year.	Per Lamp Hour.	Authorities.
		$	$	
New York City average	.....	34 50	.....	Parsons. [1
New York State average	.....	19 50	.....	Computed from cen

It will be seen that the labor cost in the New York City private plants is $3.88 i arc less than in Detroit, and $16.71 less than in Chicago. This difference is account for in two ways: First, by the much larger output per station in New York City; secor the higher wages, shorter hours and, consequently, larger staff of employees in the pu lic plants. In the larger cities, on the other hand, the larger output and larger un in boilers, engines and dynamos would tend to reduce the labor cost per unit of produ The case of Allegheny, with its extremely low labor cost, notwithstanding short hours, noteworthy.

It should be said as an offset to the low wages and long hours in smaller plac that the work is much easier than in large plants. When one fireman and one en

neer run a small plant of 100 arcs in conjunction with water works, probably less that one-half their time is employed in actual work. The cost of living, too, is much less than in cities. Consequently, the urgency for both high wages and short hours is relatively less.

WATER WORKS AND ELECTRIC PLANTS COMBINED.

A very important advantage in a small town is the ability often to combine the electric lighting plant with the water works. That most industrious opponent of municipal ownership, Mr. M. J. Francisco, of Rutland, Vermont, in his astounding pamphlet, "Municipal Ownership, Its Fallacy," is constantly insisting on the duplicity of municipal officials who charge the salaries of firemen, engineers and superintendents of electric works to the water department of electric works to the water department. In all such cases he forthwith corrects the dishonest officials by charging all the wages and salaries in the water works to the electric light department. The relative honesty of the two methods may be judged from the following typical cases.

The village of Batavia, N.Y., owning and operating its water works system, decided, in 1893, to add an electric lighting outfit to the plant. An addition was made to the water works building for electrical machinery, and a new boiler was erected. Two engineers, at $65.75 per month each, had been all the force needed for the water works. For electric lighting there were added one electrician at $65, one trimmer at $45, and one fireman at $45, and the engineers' salaries were increased $5 each per month, making the total additions $165 per month, $1,980 per year, or $19.22 per arc lamp per year. The combination with the water works saves the salary of one engineer, $65 per month, less extra pay to water works engineers.

The city of Dunkirk, N.Y., installed an electric plant with its water works in 1888. The water works staff had been : two engineers, $70 each, two firemen, $50 each, superintendent and assistants, $165 ; total, $405 per month, or, with $350 per year for clerk and collector, $5,210 per year. When the electric plant, with an additional boiler, a trimmer was employed at $55 and the fireman was given $5 extra pay ; total, $65 per month, which with $133.62 extra labor on lines, made the total labor cost $913.62 in 1897, or $12.18 per arc. As a matter of fact, the Dunkirk labor cost is only $133.62 per year more for both water supply and electric lights than it had been for water supply alone, because one superintendent at $100 per month now does the work formerly done by superintendent and assistants at $165 per month, and the total labor cost for both departments in 1897, including extra labor, was $5,343.62 against $5,210 for water alone before 1888. But this saving of $65 per year in the superintendent's force has been properly credited to the water department, and the extra expense for electric lighting has been figured as above at $913.62.

In considering the cost of operation in these plants connected with water works, the conscientious defender of the higher charges of private plants is justified in pointing out that they cannot be taken as a fair basis of comparison with private plants operated alone. He, however, would hardly go as far as Mr. Francisco and say their operating accounts were dishonestly compiled, nor would he adroitly add the water account to the electric account.

The officials in these cities have prepared these statements with a definite purpose, namely, to show to other cities having water works plants the very slight additional expense that they would incur by adding an electric plant to their water plant. From this point of view their statements are straightforward and correct. They demonstrate beyond question the decided advantage that every small city with a water plant has in espousing public ownership and operation of electric works, provided the two can be incorporated in one establishment.

There are many small villages now enjoying electric lighting which would probably not have secured this privilege had not the people as a whole, in their corporate capacity undertaken it. Mr. Foster, in reviewing the list of thirty-four towns, whose costs he has tabulated, and showing that 13 have less than 3,000 inhabitants, five between 3,000 and 5,000, four between 5,000 and 10,000, seven between 10,000 and 20,000, four between 20,000 and 30,000 and only one is of the first-class or over 1,000,000, remarks that, "somewhat over half the number are places where it is doubtful if a commercial or private plant could be made to pay under any circumstances." If this is so the question at issue is not one between public and private ownership, but whether they shall have electric lighting at all. If they have made a success of it, and have produced light at a cost no greater than other cities are paying private companies, this is certainly to the credit of the principle of municipal ownership under such circumstances if under no other.

PREVIOUS INVESTIGATIONS CRITICIZED.

In attempting to make a comparison of the actual operations of municipal and private ownership of electric lighting plants in the United States that shall be at the same time fairly exhaustive and fairly accurate, one is confronted with the magnitude and expense of the undertaking. Nothing less than a government bureau can adequately undertake so large an inquiry. It must, therefore, be to the greatest satisfaction of the public to know that the United States Department of Labor, under the supervision of Carroll D. Wright, has undertaken exactly such an investigation. In view of this prospective mine of information† I shall not undertake to consider the whole field, but shall devote my attention to a few municipal plants which I have been able carefully to study personally and to a critical examination of some of the more important statistical inquiries that have been made hitherto. These are three in number: that of Mr. H. A. Foster, that of M. J. Francisco, and that of Professor Frank Parsons.*

*Mr. Horatio A. Foster was employed by the Electrical Engineer to report on an inquiry into municipal electric lighting, undertaken by that journal. His report is published in the issue of September 5, 1894. Mr. Foster is an electrical expert and accountant of high standing, who was employed on the census of 1890, and his report is undoubtedly the ablest and most candid of all the investigations made from the standpoint of those who defend private companies. Prof. Frank Parsons, the result of whose extensive investigations were published in the Arena during the latter half of 1895, gives the most painstaking and exhaustive statistical analysis of electric lighting yet made from the standpoint of those who favor municipal operation. While these two writers reach apparently opposite conclusions regarding the cost of municipal enterprise, compared with private enterprise, yet their differences are found not so much in the labor cost per arc light as given in Table I. as in their estimates on interest and depreciation. The actual operating expenses, including wages, fuel, stores and supplies are matters of record stated by the local officials themselves in their annual reports, together with the total number of lights operated during the year. Therefore, but little variation could occur in computing the labor cost, as will be seen by noting the cases where the two happen to give figures on the same plant. I give, therefore, all the cities which either one reports. Mr. Foster does not state the cost per year, but he states the cost per lamp hour and the number of hours per year, and I have computed the cost per year. Mr. Parsons gives only labor cost per year and not the cost per hour, or number of hours. In using these figures, extreme cases should be excluded, as Arlington, Minnesota, and Chehalis, Washington, given by Mr. Foster. In the former there were but four arcs and one hundred incandecent lights, and in the latter there were the extra high wages of the Pacific coast. Where I have been able to examine personally a municipal plant or have made estimates from the annual reports I have so indicated.

†See ante, in this volume.

.—COMPARATIVE ESTIMATE OF NET COST TO THE CITY FOR STREET LAMPS.

Francisco, Foster, Parsons.

es.	Candle Power.	Hours per Year.		Cost per Lamp Hour.		Cost per Lamp Year.				
								Parsons.		
		Francisco.	Foster.	Francisco.	Foster.	Francisco (computed).	Foster (computed).	Operating expense.	Operating expense, Interest on debt, Depreciation 5%	Computed interest 4% and depreciation 5% on total investment.
						$	$	$	$	$
l	2 000		1,420	.1458	.124	...	178 80	120 00	..	162 80
'a.....	2,000	4,000		.0240		92 00	.....	64 00	79 00	... .
inn	1,200	1.46	2,000	.021	.0502	306 60	100 40	40 00	.....	56 50
w.w.*	2,000	2,622	2,426	.0417	.0371	117 20	90 37	53 50	61 00	.....
w.w.	2.000	3,750		.0278	.....	104 25	....	34 00	.....	54 70
i h	2,000	...	2,418	.0476	.0308	....	74 47	50 00	60 00	.....
ass	1,200	1,912	.....	.0617	...	98 85	.....	47 50	69 50	.....
, Ill., w.w..	2,000	2,247	.....	.0545	....	122 46	.....	50 00	66 50	.....
en, Ky., ww	2,000	2,190		.0498	.....	109 04	. ..	50 00	60 00	....
... ..	2,000		3,950	...	.043	167 78	169 85	96 67	.....	152 47
e, Kan	1,2 0	1,875	2,000	.0779	.....	146 06	.....	+	.....	27 00
le, Ind.....	2,0 0	2,190		.0671		146 94	...	25 50	.. ....	41 25
.. ..	1,200	.....	1,590	..	.0805	....	127 99	+	.....	17 10
, w.w	2,000	1,460	.....	.0752	.....	109 79	.....	50 00	.....	.....
Y., w.w....	2,000	3,000	3 945	.0278	.0273	83 40	80 39	46 00	59 25	.....
.....	2,000	3,219	3,031	.0445	.0413	143 24	125 80	85 00	103 20	.....
.. ..	2,000	2,190	2,500	.0516	.04	124 83	100 00	43 00	55 50	.....
, w.w	2.000	2,190	1,680	.07	.0765	153 30	128 57	70 00	85 50	.....
a	2,000		2.160	.....	.0424	.....	91 58	+340 00	.....	.....
d.....	2,000	2,190	2,160	.0435	.0394	95 26	85 10	54 00	65 50	.....
Y	2,000	1,460	.....	.0524	.....	76 50	.....	48 50	58 50	.....
.....	2 000	2,190	....	.0511		111 90	.....	40 00	.... ..	56 15
ex	2,000	2,190	2,700	.0557	.0318	121 98	85 86	70 00	.....	85 30
, w.w	2,0 0	2,190	2,168	.0513	.0480	112 34	104 64	68 00	81 75	.....
o	2,000	2,450	2,190	.0540	.0271	132 30	59 34	.....	.....	.....
.....	1 200	.....	2,208	.....	.0221	.....	48 76	36 00	42 00	.....
N.Y	1,200	2,190	...	.0577		126 36	..	21 50	32 00	.....
e, w.w	2,000	3,000	2 785	.0291	.0257	87 30	71 51	43 00	....	57 40
Ark	2.000	.....	2,168	....	.0503	.... ..	109 05	42 00	50 00	.....
nn	2.0 0		1,815	...	.0254	.....	46 10	520 00	50 00	.....
io, w.w ...	2.000	2,190		.0589	.05	97 31	.....	33 75	.....	.....
n, Ia., w.w.	2,000	1,460	1,950	.0335	.0226	48 91	44 07	18 50	42 00	.....
Ind., w.w.	2 000	1,460	...	.0461	....	67 74	33 00	41 33	27 50	.....
ll, w.w....	2,000	2,190	1,452	.0435	.....	95 26	.....	†27 50	.. ....	33 80
O	2,000	2 190	...	.0434	.....	95 04	.....	52 00	.....	60 00
Pa	2.000	1,875		.0468	.....	72 39	.....	56 00	.....	... ...
Ohio	2 000	1,875	1,838	.0390	....	73 12	72 60	44 25	53 33	.....
.w	2.0 0	1,875	.....	.0523	.....	97 06	.....	40 00	53 50	.....
Ohio, w.w .	2,000	2.190	....	.0481	.....	117 33	.....	39 00	45 50	... .
... .	2.0 0	2,190	.....	.0562	.....	123 16	.....	56 00	49 00	71 30
lo	1,200	1,460	...	.10	.....	146 00	.....	+	.....	14 85
N C	2,000	1,875	.....	.0355	..	66 56	.....	40 00	.....	53 50
e, Ohio	2,000	3 750	2,282	.0269	.0232	100 87	52 94	28 00	.....	53 50
linn., w.w..	2 000	1,460	...	.0757	....	110 52	..	†	.....	7 20
Conn	1.500		2,255	....	.0285	90 89	63 86	42 33	.....	.....
... .	2.000	2.500	0430	.....	.....	107 56	74 00	87 00	61 00	.....
N Y.....	2 000	3,750	3,950	.0306	.0241	114 75	90 19	61 00	75 00	.....
ich., w.w ..	2.000	1,460	.....	.0664	.....	96 94	.....	36 00	.....	54 40

c works operated in connection with water works. † Profit on entire plant.

The first two are antagonistic to municipal ownership, while the latter favors the proposition. I have tabulated below the results obtained by these three writers as to the cost per lamp hour and the cost per year of arc lighting in all cases where two or more estimates for the same city are given. These reports are not all made upon the same unit as a basis, and I have been compelled to make two sets of computations in order to bring them to the same basis for comparison.

I have selected these three writers because the opponents and advocates of municipal ownership throughout the country seem to rely upon them for their data and arguments in maintaining their respective opinions. It will be seen that they reach the most contradictory results. Mr. Francisco far exceeds Mr. Foster in his high estimates of the cost of municipal operation, and Mr. Parsons, while his estimates are materially lower than either, is yet in such cases as I have been able to examine, above the estimates made by the municipal officials themselves.

With reference to the method of the inquiry itself as conducted by the authorities, it must be borne in mind that correspondence and official reports have been mainly relied upon. Mr. Foster, by his own showing, had not personally visited any of the plants concerning which he reports; Mr. Francisco appears to have visited but one of the 64 plants tabulated in his pamphlet, and Professor Parsons has apparently visited not more than five or six.

Now, I do not maintain that the correspondence method will fail to give accurate results. It depends upon the care and pertinacity of the investigator. In this respect Professor Parsons excels the other gentlemen. He has taken but little for granted and has made but few guesses. Mr. Foster makes many guesses at the rate of interest, cost of labor and fuel, number of hours burning and candle power. These two writers give the official figures wherever they have obtained them and then their own estimates subsequently as computed and as printed in the above table. Mr. Francisco gives only occasionally the data for his computations, and we are left to infer them from hints vouchsafed here and there. The principal difficulty in the way of securing sound results by correspondence is the impossibility of finding out and weighing the hundred and one local peculiarities which give tone and detail to the enterprise.

These often give a decided turn to the inquiry. Many of them cannot be presented statistically. For example, the village of Batavia, New York, by providing a council chamber in the building which houses its electrical plant saves $120 in rent each year — equal to $1.20 per arc light. Further, no one can appreciate the sense of relief from the exactions of private corporations and the civic pride and dignity of the citizens who have successfully overcome these exactions, unless he visits them, talks with them and learns the history of their movement for municipal ownership.

AGREEMENT AS TO OPERATING EXPENSES.

In attempting to explain the wide discrepancies in these three methods of estimating the cost of municipal lighting we need to divide the cost of production into two parts — operating expenses and fixed charges. Operating expenses are usually stated by the officials of the various cities in the annual reports, and these, with the annual output given, make it difficult to arrive at wide discrepancies in estimating the operating costs per lamp. This is evidenced in Table I., where labor costs, as given by Parsons and Foster, are set side by side. In this item, as well as fuel, repairs and supplies, there is but little opportunity to go behind the returns unless one actually visits the plant and carefully compares item by item, the labor, fuel, repairs and supplies actually consumed with that which enters into the published reports. Consequently we find these two authorities closely agreeing on operating expenses, as will be further seen in Table III.

,E III.—COMPARATIVE ESTIMATES OF OPERATING EXPENSES PER ARC LAMP.

—	Foster.	Parsons.
	$ c.	$ c.
), Ill	96 50	96 50
Pa	82 44	85 33
y (Watervliet), N.Y	61 22	61 00
k, N.Y	47 28	46 00
, Ind	67 85	68 00
ille, O	49 42	52 50
Rock, Ark	68 50	42 00
, Ill	57 59	58 50
d, Iowa	70 39	70 00

r. Francisco, in an exception to this agreement. He vigorously attacks the publish-orts and discovers malicious attempts to transfer accounts, to misrepresent, and re-as new construction, to charge electric light to other departments, and generally to up a rotten business for the benefit of nobody but the politicians. I am unable ow him in all his figures, as I have not been able to visit the plants whose accounts icizes. But such evidence as I have been able to get seems to show that he is the t sort of a Don Quixote.

r. Francisco has also a sliding scale for depreciation. Where he thinks the operat-penses and interest charges of a municipal plant are high and do not need much on, Mr. Francisco calculates depreciation at five per cent., as in Braintree and on. But when expenses are low and a great cause is at stake, depreciation rises to per cent., and so South Norwalk, Detroit and many other places are saved. I n only those places where he himself states the rate of depreciation. In other I am led to infer that it vibrates up and down usually near the eight per cent. by comparing his figures with those of Mr. Foster, who unfortunately estimates iation at seven and one-half per cent.

rhaps too much space has been given to Mr. Francisco, but the space seems justi-n view of the fact that he is quoted extensively by all who oppose municipal own-

But the method adopted by Mr. Francisco of comparing the relative efficiency of o systems on the basis of candle power per hour furnished for one cent is vitiated reckless charges for depreciation and his liberties with the financial reports on ing expenses, as a comparison with Mr. Foster's figures shows in Table II.

BETTER QUALITY OF MUNICIPAL LIGHTING.

is also to be remembered that there are two qualifications necessary before we can that the candle power is relatively as great as it appears. These are the qualities light and the outages. In every municipal plant, almost without exception, the of the locality are found on personal inquiry to speak in enthusiastic terms of the of the light they are getting. Unfortunately this field of electric lighting has not adequately tested, and but few cities, either with public or with private plants, have ecord of photometric tests of the efficiency of their lights. The candle power is ominal" 2,000 candle power of French standard, which Slingo & Brooker estimate as actually only 875 candle power when the current is ten amperes and the voltage fifty, t this amount of light is produced at the cost of 500 watts. As the usual power from 425 to 475 watts per lamp, and municipal officials never, as far as I know, are ed with photometric appliances, it is within the power of private companies to dim-he candle power below the standard required in their contracts. As long as exact

measurements are lacking, we are compelled to depend upon the common opinion of the locality, which is, indeed, not an accurate judge. This general satisfaction of citizens in their light is one of those local factors which statistics cannot present, but which go far in determining the preference for municipal plants. Dunkirk is given by Francisco as furnishing 718 candle power per hour for one cent, but taking into account the fact that the dynamos there are run at eighteen amperes, and 520 watts are delivered to each lamp, and that the general impressions of citizens and visitors unite in describing them as the brightest lights to be found anywhere in street lighting, it is evident that, in addition to his juggling with costs, his estimate of quality also does injustice to the plant.

FEWER "OUTAGES" UNDER MUNICIPAL OWNERSHIP.

In the matter of "outages," too, the records for private plants are usually quite imperfect. Deductions are made from the contract price before payment is made by the city; but there is room for the political influence of the companies. The policemen are usually required to report outages, and in Syracuse the convenient practice obtains of reporting to the electrical company, which then reports to the city on their own outages.

For the city of Detroit the following comparison is made by the Public Lighting Commission of the outages under private and under municipal operation.

TABLE IV.—CONTRACTOR OPERATING 1279 LAMPS, 1893-4.

Month.	Number lamps out.	Hours out.	Per cent. lamps out.	Per cent. hours out.
October	1,319	6,825	3.326	1.500
November	1,372	11,988	3.075	2 455
December	2,710	20,485	6 836	3.867
January	787	4,304	1.985	0.834
February	2,898	17,642	8.092	4 131
March	1,177	5,317	2.943	1.270
April	1 729	8,930	4.506*	2.651
May	1.273	4,833	3.211	1 543
June	1,679	6,102	4.375	2.186
City plant operating 1,483 lamps, 1895-6.				
October	152	1,040	0.338	0.201
November	95	774	0.266	0.137
December	138	910	0 300	0 154
January	47	372	0 116	0.062
February	42	301	0 (98	0 059
March	28	235	0.061	0.048
April	84	350	0.179	0 088
May	63	283	0.138	0 080
June	25	137	0.056	0.042

It is also true that a steady improvement has been shown for the second year of municipal ownership, 1896-7, both in absolute amounts and relatively as well. A comparison of individual months shows the same superiority of public over private ownership. Not only does the city of Detroit get a steadier light, but the brilliancy of the same is greater than that obtained from private corporations. The amount of the current used is maintained at 9.6 amperes, and the lamps burn at their full rated candle power.

Such facts as these not only may give us confidence that mutual enterprise does better work than private companies in the field of electric lighting, but they also lead us to look with suspicion upon any statistics favoring private operation which are based upon candle-power cost, even if conscientiously compiled.

FAVORABLE COMMENTS OF OPPONENTS.

Turning now to the investigation of Mr. Foster, we are at once impressed with its marks of candor and ability. Writing as he does, under conditions opposed to public ownership, it is a matter of moment that he should publish such statements as these:

"The tone of all communications from those favoring the municipal side seems to have taken it for granted that the results shown would tell that side sufficiently well, and it must be admitted that in quite a number of cases such is the fact." Commenting upon the fact that the average cost per lamp of 2,000 candle power for installing a municipal plant complete is shown to be $249.30, and that this is very close to the price quoted by manufacturing companies to private purchasers, he remarks: "This is seemingly contrary to the commonly made statement, that municipal plants are not bought as cheaply as private, said to be due in a measure to 'jobs.' Perhaps these 'jobs' may be offset in the purchase of private plants by the commission sometimes paid some member of the company." Again, he says: "In all fairness it may be said that the much-vaunted better management in private hands does not exist. In fact, the men in charge of city plants compare quite favorably with those in charge of private plants of similar size." These statements seem to show that in his own mind, whatever conclusions others may draw from his figures, his careful investigation has not proven what its projectors intended, viz., a demonstration of the greater economy of private electrical lighting; and his figures themselves, as will be shown below, when rightly examined in the light of the facts and of statistical rules, are not only not a disproof of the claims of municipal ownership, but a strong testimony in their favor.

THE UNITED STATES AND FOREIGN COUNTRIES CONTRASTED.

Mr. Foster agrees with what I have already stated below with reference to operating costs, i.e., that there is comparatively little disagreement among the returns made by different investigators. In order to show this he gives the following table:

TABLE V.

Comparison of operating expenses per K.W.

	Labor per k.w.	Fuel per k.w.	Supplies and offices per k.w.	Total cost per k.w.
	$ c.	$ c.	$ c.	$ c.
14 American municipal stations, street lamps only..	0.025	1 0173	0 0161	0.0585
5 " " " incandescent	.0244	.0226	.0126	.0596
1 " " " arc, new	.0317	.0199	.0069	.0585
6 " private stations, mixed output of 5,300,000 k.w.	.....	.0095	.....	.0473
5 German stations, output 1,907,900 k.w	.0218	.....	.....	.0469
23 English stations, average Crompton	.0144	.0222	.0194	.0560
Ideal English stations, Crompton	.0040	0.054	0 170	0 264
Lowest items in 23 stations, Weaver	.0074	.0126	.0173	.0373

Mr. Foster says, in commenting upon these figures, "Attention must be called to the remarkable agreement of cost in the American municipal stations and the average of the English stations, and again to that of the six large American stations and the German average; both of the last two are equipped with large units in engines and dynamos, which probably accounts for the cost being lower than in others." He says also, "The item of labor is the one division of operating expense in which it is claimed the greatest expenditure will be made in municipal plants. If the average here shown may be considered accurate within reason, this belief is largely a myth, for (with the exception of Chicago, where labor is 53 per cent. of the operating expenses), the percentage for

labor is less than usual in private plants. Either very low wages and very poor help are the rule, or the item has been classed wrongly."

It is when we come to the matter of "fixed charges," including interest, depreciation, insurance and taxes, that we find the widest divergencies between the advocates and opponents of municipal ownership. It is here that almost the entire difference between the figures of Foster and Parsons is to be found. Mr. Foster estimates interest uniformly upon the entire cost of the plant up to date at the uniform rate of 6 per cent., unless the officials have given him a different rate. As the actual rate is thus given in only sixteen of the thirty-four cities whose returns he has tabulated, he has guessed at the rate of eighteen. In every case where I have been able to find the actual rate as against his guess, the rate is 4 per cent. And it may be stated as a general rule that the smaller cities in the east can borrow money without difficulty at 4 per cent., getting a premium on the bonds at this rate, and in the middle West no higher rate than 5 per cent. is paid, rising to 6 and 7 on the Pacific coast. Chicago borrows money at 3 per cent., whereas Mr. Foster's gross interest for that city figures out 4.2 per cent. A difference of 2 per cent. on the average investment of $250 per arc light makes a difference of $5 per year per arc in the aggregate cost.

INTEREST COMPUTED ON OUTSTANDING DEBT ONLY.

Prof. Parsons estimates interest not on the total cost of the plant, as does Foster, but upon the actual amount of bonds outstanding. Therefore, if no debt has been incurred for the electrical plant, or if the debt has been paid, interest entirely disappears from his calculation of cost. In cities without debt on the plant, therefore, the difference between the total costs of Foster and Parsons would average $15.00 per arc lamp per year.

Parsons' reason for including interest not on entire cost of the plant, but only on the outstanding debt, is that in municipal ownership the people pay interest to themselves, except where a debt makes a creditor in effect part owner, and therefore, to calculate on the total cost in excess of the debt would be only to take out of one pocket and put into another. This reason does not appear sound. Taxpayers and consumers are not the same individuals, except in street plants alone. The true economic principle seems to be as follows:—

The taxpayer must pay for street lighting, either to a private company or to a municipal plant. If the cost of the lamps operated by the latter, including interest, taxes, and insurance, is less than the amount that would be paid to a company, the difference is a saving to taxpayers, which would not occur except with municipal ownership. If, therefore, new construction and payments on the principal of the debt as far as met out of taxes, do not exceed the amount of this saving, such disposition of the taxpayers' money is not an assessment upon them, or an investment made by them upon which interest should be received, because they have no alternative investment and could not have gained interest upon it anyhow, but it is an administrative economy tending to the ultimate extinction of the debt and further lessening of taxes. The city of Detroit paid $175,000 yearly for 1,279 private lights, and now gets 1,716 arc equivalents for $144,000, including interest and lost taxes. The difference of $30,000 yearly, if put into new construction or a sinking fund, is not an increased burden upon the taxpayers, and therefore does not give them a right to charge interest upon it to consumers.

The city of Watervliet has for seven years furnished its 115 arc lamps at a cost of $75 each, including depreciation, but not interest. Its neighbor, Troy, has paid a private company $146 for like service. Watervliet's plant cost $26.000, but was paid for in two assessments, without the issue of bonds. Distributed over the entire period, this investment would have been equivalent to $31 per lamp year, making the total ex-

pense to the taxpayer $106, against $146 paid by Troy. It is proper enough that interest should be omitted from the computation of Watervliet's annual expense, and, should a commercial system be added, the consumer should have the benefit on charges based on freedom from interest payments. Therefore, while criticising Professor Parsons' reasons, I agree that both he and city officials are right in figuring interest only on outstanding debts. This gives the true cost of production to the taxpayers, and the saving of interest in this way must be counted as one of the most important economies which municipal ownership brings. This saving, of course, does not appear prominently in the early years of the enterprise, but it becomes increasingly valuable as fast as the debt is liquidated. Foster's computation of interest at 6 per cent. on the entire cost of plant to date is therefore doubly excessive, for, besides the falsely high rate, it includes interest on new construction paid out of profits and savings, which are not properly considered an investment and entitled to interest payments.

EFFECT OF MUNICIPAL OWNERSHIP ON RATE OF TAXATION.

The amount of taxes paid by electric light companies varies so widely in different states and cities that it is impossible to state a rule that will have general application. Parsons says that the amount actually paid by the companies is about two dollars per arc equivalent or three-fourths of 1 per cent. to 1 per cent on the fair investment. In New York City, according to the census report, it was one-third of one per cent. on the total valuation, or, omitting patents, six-tenths of one per cent. In the State at large it was one-half of one per cent.

According to the report of the Massachusetts Gas and Electric Light Commissioners, the total amount of taxes paid by all the electric light companies of the State for the year ending June 30, 1896, was $168,218.83, which was four per cent. of their gross receipts ($4,187,260), six and two-tenths per cent. of their operating expenses ($2,739,783), and 1.06 per cent. of their total assets ($15,892,336). The two Boston companies, with the equivalent of 22,970 arc lamps of 2,000 capacity each, installed for both street and commercial lighting and motors paid in 1896 taxes amounting to $72,333.96, being $4.42 per arc equivalent, and 1.05 per cent. of the combined assets of the companies ($6,898,786).

The Edison Illuminating Company of New York, with the equivalent of 42,582 arcs, installed in 1895, paid for "general and legal expenses and taxes," $218,421, equal to $5.13 per arc, showing taxes to be much less than in Boston.

The Detroit assessors, at the request of the Public Lighting Commission, placed an assessed valuation of the city plant at $427,500, the amount of the investment for the year being $714,843.76. Computing city taxes on this valuation, the loss to the city taxes was $7,981.43, or $5.10 per arc light, or one and one-tenth per cent. on the cash investment.

The Massachusetts rate of taxation on corporations is unquestionably higher than that in any other State, and the rate of one per cent. on the total investments may, therefore, be taken as the maximum taxes which the city loses through municipal ownership. But it is a mistake to consider this as a loss to the taxpayers. It is more than compensated by the increased valuations of property which follow upon increased municipal lighting. In Jamestown the extension of lamps to the suburbs, and to unimproved property, has contributed largely to the building up of outlying areas, and consequent increase of assessed valuation. Where there is a commercial plant, the reduction of twenty-five to fifty per cent. in commercial rates increases the profits of business, and hence the valuation of real estate and business holdings. This tends to lessen the tax rate. Altogether, we are justified in the omitting of lost taxes entirely as an element in the cost of municipal lighting, but for the sake of the broadest possible

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treatment of the subject I have estimated it in the computations made in this article at one per cent. on the total cost of the plant to date. Were it omitted it would reduce the cost per lamp per year as herein computed from $2.00 to $5.00 each.

SHOULD MUNICIPAL PLANTS BE INSURED?

Insurance actually paid is usually entered in operating expenses, and need not be added as a fixed charge. It is a small item—one-half of one per cent. in Batavia, nothing in Dunkirk, one per cent. in Watervliet, two-tenths of one per cent. in Jamestown, computed upon the total cost of the plant. The larger cities, Detroit and Chicago, do not carry insurance. This is proper enough for a large city, where the loss by fire when spread over the tax rolls would cause but an insignificant increase in taxes, but small towns like Tipton, Iowa, whose plant was destroyed by fire, are unable to rebuild, especially if already in debt. In addition to carrying a small insurance, such towns should provide a sinking fund and depreciation fund, which are in a way a sort of insurance.

RATE OF DEPRECIATION OF ELECTRIC PLANTS.

Depreciation is the item of keenest dispute in the contest over municipal electric lighting. Mr. Francisco quotes electrical engineers who assert that the depreciation on engines and boilers is 5 per cent., on electrical apparatus; lamps and dynamos, 10 per cent. He does not itemize any other parts of a plant, and, taking these two, the depreciation for the first year on the total cost of the Detroit plant would be 1.4 per cent., as follows, instead of 8 per cent., as usually estimated by him:—

TABLE VI.—ESTIMATED DEPRECIATION ON DETROIT MUNICIPAL PLANT, 1895-6.

—	Cost.	Rate per cent. of Depreciation.	Amount of Depreciation.
	$		$
Steam plant	82,852	5	4,107
Arc lamps	29 628	10	2.962
Electric plant	40 842	10	4,084
Balance of entire plant	477,519		
Net cost of plant to date	630,141	1.4	9,153

Professor Parsons arrives at his estimate of 3 per cent. depreciation in the following way, taking the Braintree plant as an example:—

TABLE VII.—BRAINTREE—DISTRIBUTION OF INVESTMENT AND DEPRECIATION.

—	Investment.	Per cent. of Depreciation.	Amount of Depreciation.
	$		$
Land	940		
Buildings	6,630	1	66
Steam plant	11,900	4	476
Electric plant	7,640	3	229
Lines	13 580	1	136
Poles	3.630	10	363
Lamps	4 630	4	185
Meters	1.560	2	31
Transformers	2,280	3	68
Tools and furniture	580	8	46
Supplies	6 0		
Services of architect and engineer	620		
Total	54,600	2.9	1,609

For an underground plant like that of Chicago, he figures the depreciation at one and six-tenths per cent., of the total investment, as follows:—

TABLE VIII.—CHICAGO — DISTRIBUTION OF INVESTMENT AND DEPRECIATION.

—	Investment.	Per cent. of Depreciation.	Amount of Depreciation.
	$		$
Land	100,000		
Buildings	66,987	1	669
Steam plant	95 5'8	4	3 820
Electric plant	58,075	3	1,742
Lines	317,040	1	3,170
Poles			
Lamps	41,240	4	1,650
Tools and furniture	610	8	50
Supplies	8 840		
Total	688,310	1.6	11,101

APPLICATION OF DEPRECIATION FUNDS.

The above estimates for depreciation are, of course, not actually written off by the municipal officials, but are calculations made by Mr. Parsons. In fact, it is almost invariably the rule that the managers of municipal plants make no allowance whatever for depreciation.

It is not to their discredit, however, as compared with private corporations. Mr. Foster says: "It is but fair to say that in a comparison of municipal with private plants the charging off for depreciation and interest, is fully as much neglected by one as by the other; less than one in ten of either paying any attention whatever to these items." The report of the Massachusetts Gas and Electric Companies of that State set aside for depreciation funds $446,662.89, which was three per cent. of the total assets of the companies; $250,000 of this was credited to one company, the Boston Electric. Of the eighty-three companies in the State, only thirty-three made an account of depreciation, and, apart from the Boston Electric, whose depreciation was eight per cent. of its assets, and fifteen per cent. of its capital stock, and the Edison of Boston, whose depreciation was two and eight-tenths per cent of the capital stock and two and three-tenths per cent. of the assets, the depreciation entered by the other thirty-one companies was less than one-half of one per cent.

The Edison Illuminating Company of New York in 1894, for the first time, carried a part of its profits to a depreciation fund, and the directors, remarking on the novelty of the transaction, wrote: "This conservative course will no doubt commend itself to the stockholders."

As to these private companies, it does not follow because they carry a depreciation fund, that they have actually written any depreciation off from their capital investment. The proper method would be to deduct depreciation from the capital and to add new construction, giving at the end of each year a new net capital investment, but as the companies are usually stocked and bonded at a high figure, it is of some advantage to them to keep adding new construction to their construction accounts without deducting depreciation, thus actually inflating their apparent investments. The depreciation fund which they carry is therefore merely a part of a larger policy which conservative corporations adopt, namely, the accumulation of a surplus in the treasury of the company rather than the distribution of this surplus in dividends to stockholders. This surplus may be invested in stocks and bonds of its own, or of other, or may appear in several

different forms, such as profit and loss, depreciation fund, reserve fund, or insurance fund. By a policy of this kind the stockholders, though getting smaller dividends for the time, are nevertheless, while keeping up their plant by repairs, renewals, new construction, and operating expenses, increasing the market value of their stock, and their capacity to buy up and absorb other corporations and competitors, besides also giving added security to their bonds, and increasing the companies ability to borrow money at low rates.

Now, these conditions are wholly absent from a municipal corporation owning and operating an electrical plant. The taxpayers do not hold negotiable stock in the plant, which they may wish to hypothecate and so desire to have it backed by the possession of a reserve fund. They do not want the electrical plant to accumulate a surplus to be invested in securities against either future extensions of the business or replacements of worn-out machinery. The city is not a business corporation empowered to reinvest the earnings of its stockholders, the taxpayers; but the latter want to reinvest their money in their own way and under their own individual control. Hence they want their dividends at once for private purposes in the form of low taxes or low charges. This leaves no room for the accumulation of a reserve by whatever name it may be known. If the municipality is to take account of the depreciation at all it is not in the form of a surplus fund on which the future taxpayers may draw in case of exigency, but it is in the form of such a provision for the distribution of depreciation over successive years that the taxpayers of no single year will be unduly oppressed. This will appear more clearly if we consider the true nature of the depreciation.

EXTENT OF DEPRECIATION.

There are three kinds of depreciation to be taken into account—depreciation by use, depreciation by competitive improvements and depreciation by replacements.

Depreciation by use is the actual wear and tear upon machinery, the burning out of armatures, the breaking of globes and lamps, the crippling of tools, the weathering of paint, poles, lines, and so on. This kind of depreciation is entirely covered by items of repairs and renewals, properly chargeable to operating expenses, and is so entered by every honest official. It does not need additional provision under fixed charges. However, it eventually contributes to the third form of depreciation, that of replacement.

Depreciation by competitive improvements consist in the lower costs of operation and maintenance which new inventions and improved machinery have introduced since the installation of the plant. It is asserted now that the saving effected in arc lighting by substituting 100 and 125 arc dynamos for the 35 and 50 arc dynamos of the earlier days is 40 per cent. of the maintenance. In the direct-current service the large units effect a saving of 20 per cent., which is increased even to 50 per cent. by being directly connected to the shaft of the engine instead of being belted. In alternating currents the difference is less, but the lower speed, lower temperature and ability to run continuously make their adoption a commercial gain. Such striking improvements in electrical machinery within ten years render the plants of that length of service quite antiquated. Were the business a competitive one and readily open to new companies there could be no question that the private plants installed a few years ago would now be bankrupt, in so far as they have not met the improvements of the day by substituting new machinery. But, having a monopoly, and being able to charge the prices of a decade ago, they are protected in the use of antiquated machinery and need introduce the new appliances only with the extension of new business. This kind of depreciation in a competitive business would be corrected by writing off depreciation from the capitalization, and the market value of the stock would sink gradually until bank

ruptcy or reconstruction ended it. But in a monopolistic business the power to keep up old rates is the power to withstand competitive improvements. This is the very reason why in such a business municipal ownership, or at least municipal regulation of charges, is demanded. And if the municipality, in case of ownership, did not choose to put in the new machinery before the old should wear out, the consumers certainly would be no worse off than with private monopoly. Certain it is that the charges by private companies for either public or private lighting have not fallen in proportion to the great improvements in production, even where the companies have been enterprising enough to replace the old by the new machine. It is this kind of depreciation by competitive improvements that experts have in mind when they place depreciation at 10 per cent. For certainly the life of a dynamo is equal the life of an engine, if it be equally well cared for, and if the repairs are made as needed, and the depreciation by use in either case would not shorten the life of the apparatus to less than thirty or forty years. This kind of depreciation is not to be computed as a fixed charge, since it already shows itself in operating expenses by high cost of fuel, labor, repairs, etc.

Depreciation by replacement occurs as a result of the other two forms of depreciation, when old machinery, through wear and tear, in view of improvements, is sold out and new is put in its place. When this shall occur depends upon the policy of the management. A few enterprising private companies have already begun to reconstruct their electrical plants, not because of depreciation by use nor by competition, but because the saving with new improvements more than covers profits on the cost of reconstruction. As a rule, however, in a monopolistic business of this kind replacement does not occur until depreciation by use has advanced so far that repairs and renewal of minor parts fail to maintain the efficiency of the plant. Whether in the case of a city or a company, the financial circumstances of the owners determine how long they shall wait before selling the old and substituting the new. On this basis it will be safe on the whole to estimate that the entire depreciable part of the plant, including steam and electric plants, poles, lines, meters, transformers, lamps, should be replaced every twenty to thirty years. This replacement would not occur all at once, but would be distributed throughout the period.

MUNICIPAL DEPRECIATION FUNDS UNNECESSARY.

We can now make plain another reason why a city need not accumulate a depreciation fund, and why a private company must do so. In a city the entire taxable property of the citizens is liable to assessment when the time arrives for the purchasing of new machinery in place of old, while in a private company only the capital actually invested is so liable. In the former case therefore, the increased tax rate for replacements would be so insignificant as to need almost no consideration; in the latter it would wipe out the dividends and reduce the capital stock to a mere speculative interest. For example, the assessed valuation of taxable property in Detroit is $209,586,330. The tax rate for all purposes is sixteen and seven-tenths mills on the dollar. The entire lighting plant cost $729,222. The electrical part of the plant cost $63,701. Supposing this part were to be entirely replaced in a single year, the tax necessary for the purpose would be only three-tenths of one mill, which would increase the tax rate from fifteen and seven-tenths mills to sixteen mills. If the same assessment were levied on a private company which had invested $730,000 in the enterprise, the rate would be eight and seven-tenths per cent (eighty-seven mills on the dollar). But the entire electric plant would not need reconstruction in a single year. Its replacement, together with that of the entire depreciable part of the plant, could be distributed over, say, twenty years. This depreciable part of the Detroit plant is $431,186, making $21,559 to be replaced each

year. On the entire taxable property of the city this would be a rate of only twenty-six one-hundredths of a mill, bringing the total rate to 15.96 mills. On the private capital invested this would be a tax of three per cent., or thirty mills on the dollar. But this is not all. The private plant would, of course, be bonded for one-half its value, and the interest on the bonded debt at six per cent. would be a prior lien on the earnings. Consequently, the cost of replacement would come out of the stockholders representing but one-half of the investment. The assessment on stock for replacing one-twentieth of the depreciable plant would, therefore, be six per cent., as against the twenty-six one-thousandths of one per cent. which the taxpayers would be assessed. The capital stock in the one case would be wiped out, but in the other the taxpayers would be unaffected. Even this comparison is unfair to the city of Detroit, for it must be remembered that in 1893 and 1894 the tax on property for lighting by a private company was $175,000 yearly for 1,279 lamps, while now it is only $144,000 yearly for all operating expenses and interest on 1,700 arc equivalents. This leaves a balance of at least $30,000 yearly, minus sinking fund and new construction, without considering the increased lighting, on which to draw for replacements when needed, before the expenses can be said to approach that of private lighting. Under such circumstances I do not see how the municipal authorities can be charged with "bad bookkeeping." Judged by private standards, they could be so charged, and those thousands of private companies which are now distributing what ought to be their reserve funds in dividends to stockholders are either presuming upon their power to force the public to pay for replacements when they come, or their shrewdness in bolstering their stock and entrapping future innocent stockholders, who in turn must reckon with municipalities.

Below is a table showing the facts just stated concerning Detroit, together with comparative tables for smaller places. It will be seen that small places with heavier investments relative to taxable property than Detroit must incur a heavier tax rate for replacements. This rate is five-tenths of one mill in Braintree and seven-tenths of one mill in Reading, Mass., two and three times the estimated rate in Detroit. But the Braintree and Reading plants are both commercial and street plants, and this brings in a new consideration, namely, the relation between taxpayers and consumers in the maintenance of electrical works:—

Comparative Burden of Replacement on Municipal and Private Corporations.

	Detroit Street Plant, 1897.	Braintree Street and Commercial, 1894.	Reading Street and Commercial, 1896.	Braintree Street Lamp, 1894.
	$	$	$	$
Total valuation of taxable property	209,586,330.00	4,424,225.00	3,206,466.00	4,424,225.00
Tax rate on $1.00	.0157	0172	.0155	.0172
Total investment	729,222 00	54,600.00	67,698.00	30,160.00
Total cost electric plant	63,701.00	7,640.00	7,026.00	2,740.00
Tax rate on the $1.00 necessary to replace electric plant entire	.0003	.00172	.0022	.0006
Assessment on capital invested necessary to replace electric plant	.087	.14	.103	.091
Total cost of depreciable plant—machinery, posts, lamps, lines	431,186.00	45,820.00	43,991.00	21,386.00
Tax rate on the $1.00 necessary to replace $\frac{1}{10}$th of depreciable plant	.00026	.00050	.0007	.00024
Same added to existing rate	.01596	.01770	.0162	.01804
Assessment on capital of private company (stock and bonds) invested, necessary to replace $\frac{1}{10}$th of depreciable plant	.03	.042	.032	.035
Assessment on capital stock alone (estimated at $\frac{1}{2}$ total capitalization)	.06	.084	.064	.07

COST UNDER PUBLIC AND PRIVATE OWNERSHIP.

Heretofore, I have considered only those cities in which the municipal plant is limited to street lighting. In such cities the taxpayers alone are concerned as to the charges for depreciation. But the inevitable tendency of municipal ownership is to enter the commercial field. Every one of the municipalities owning plants in Massachusetts has already added or voted to add this branch to its municipal plant. The advantages to the citizens in taking this step are so patent and unquestionable that when a municipal plant has once been installed they become restless under private commercial lighting. The city of Jamestown, New York, added its commercial plant after the street plant had been operating a couple of years, and one large consumer who had been paying $1,400 a year for lighting now gets his light from the city for $900. A prominent social club had been paying $450 yearly for lighting its rooms. In order to retain its custom the private company has reduced the charge for the same light to $120 a year. Lansing, Michigan, bought out the private plant and reduced rates at once from twenty-five cents per kw. to eighteen cents, and again to twelve cents in two years. The following table gives the comparative charges for commercial lights under public and private ownership:

The figures for Massachusetts are taken from the Report of the Gas and Electric Light Commissioners. Those for cities outside Massachusetts are from reports made to me or to the South Norwalk investigating committee, or they have been collated by Mr .Parsons in the Arena, August, 1895:

A comparison of these rates shows that private companies charge for commercial lighting 50 to 100 per cent. more than municipal plants. The lowest meter rate charged by private companies is in Syracuse—ten cents per kw.—whereas the usual rate is 20 cents per kw., or its equivalent, one cent per metre hour. The lowest rates charged by cities is three-tenths of a cent per lamp hour in Newark, Delaware, but the usual rate is one-half cent per metre hour, and seven to ten cents per k.w.; and thirty-five to fifty cents per month, against seventy-five cents to one dollar and twenty-five cents per month with private companies :

TABLE X.

Commercial Rates for Incandescent Lamps—13 Candle Power.

Municipal Plants.

	Per Month.	Lamp Hour.	Per Kw. Hr.
Braintree, Mass		$\frac{6}{10}$c	
Chicopee, "			11.85c
Hingham, "			20c yearly. 25c summer.
Hull, "	60c	1c amp. hr.	
Marblehead, "		$\frac{3}{4}$c yearly. 1c summer.	
Middlebr'gh, "		1c	
N. Attlebr'gh, "		$\frac{3}{4}$c	
Reading, "		$\frac{3}{4}$c-1c amp. hr.	15c
Wakefield, "	90c	$\frac{8}{10}$c amp. hr.	
Jamestown, N.Y.	67½c all night. 40c to 10 p.m.		9c dwellings. 10½c factories.
Lansing, Mich	75c		12c
Johnson, Vt		½c	
Griffin, Ga			12½
Logansport, Ind			7c
Webster City, Ia	(Av.) 38c		10c
Lisbon, Ia	40c	¾c	
St. Charles, Ill	50c		15c
Benton, Ill	50c		
Harrington, Kas	75c		
Tecumseh, Neb	$1.25 (1st 2). 50c (above 4).		
Savannah, Mo	50c		15c
Fulda, Minn	50c		
Salisbury, Mo	10 p m., 60c 12 p.m., 80c	1c	20c
Alexandria, Minn	65c		15c
Wasecа, "			15c
Laverne, "			10c
Wells, "	50c		10c
Litchfield, "	40c	¾c	
St. Peters, "	9 p.m., 50c 12 p.m., 65c		12½c
Rochester, "		½c	
Marshall, "		$\frac{8}{10}$c	
Coldwater, Mich		$\frac{8}{10}$c	11c
Evart, "	35c		
Hamilton, N.Y.		1½c	
Westfield, "	50c	½c	
Madison, N.J			10c
Hamilton, Ohio	60c		8c
Jackson, "	60c		10c
Willoughby, "	(Stores) 25c		8c
De Graff, "	25c.-40c	$\frac{6}{10}$c	
Galion, "	16 lamps, 65c 10 " 70c		10c
Quakertown, Pa			12c
Schuykill Haven, Pa	26c-65c		
Sharpsburg, Pa			8c
Wytheville, Va	25c, 50c, 75c, all night.		
Salem, Va	40c-65c		20c
Rice Lake, Wis	50c		20c

TABLE X.—*Concluded.*

Commercial Rates for Incandescent Lamps—16 Candle Power.

Private Plants.

	Per Month.	Lamp Hour.	Per Kw. Hr.
Abington, Mass		$\frac{7}{10}$c	18c
Adams, "	6 nights per week, $1.	1c amp. hr.	
Amesbury, "	90c		
Amherst, "			20c
Andover, "			24c
Athol, "			20c
Attleborough, "	90c		25c
Beverly, "	$1.16⅔ for 7 nights, $1.00 for 6 nights.		25c
Block Plant "			16⅔c
Blue Hill, "	$10 per year.	1c	
Boston, "		1c	20c
Bridgewater, "		1c	20c
Lansing (prior to 1895)	75c to 9 p.m. $1 to 12 p.m.		
Syracuse, N.Y			10c
Little Rock, Ark		1c	
Colorado Springs, Colo		1c	
Leadville, Colo	$1	1½c	
Logansport, Ind		1c	
San Jose, Cal		1½c	
Baton Rouge, La	50c		
Marseilles, Ill	40c		
Chicago, Ill		1c	
Wichita, Kas		1c	
Topeka, Kas		1c	
St. Louis, Mo		1-1½c	
Duluth, Minn		1c	
Springfield, Mo		1c	
Bath, Me		1c	
Birmingham, Conn			20c
Omaha, Neb			20c
Binghampton, N.Y		1c	
New York City, N.Y		1c	
Brooklyn, N.Y		1c	
Cincinnati, O		⅝c	15c
Mt. Holly, N.J		½c	
N. Brunswick, N.J		$\frac{8}{10}$c	16c
Washington, D.C			15c
Philadelphia, Pa		¾c	15c
Harrisburg, Pa			15c
Wilmington, Del	10c, not over 1 hr. $1 lamp, 60-80c for 3 or more.	$\frac{6}{10}$c	

TABLE XI.

Cost of Public Lighting per Kw. to Cities having Commercial Plant.—Foster.

City.	Cost per k.w. for total output.	Net cost per k.w. used by city after deducting commercial lighting.	Cost to cities by private companies.
	$	$	$
Cal.	0.2473	0.2620	0.115
e	.0960	.0913	.077
Conn	.0528	.0019	.081
fd	.0569	.0565	.053
Ill	.1324	.1770	.091
ve, Kas.	.0884	.0259	.082
finn	.0975	.0149	.046
lle, Ind.	.0758	.0830	.078
le, O	.1540	.2160	.104
Ark	.0561	.0011	.041
N.C	.1470	.1760	.065
n, Ia	.0483	.0617	.080
l.	.0565	.0734	.123
)	.1095	.1870	.162
Ill.	.0956	.1294	.095
	.1009	.1105	.086
p hours, 2,000 c.p., 480 Watts	.0484	.0579	.041
r lamp hour 2,000 c.p. for street lamps alone	.0444		

nunicipal rates are much lower than private rates is beyond question. Mr. cannot disprove it either by screwing the figures or inflating depreciation. re complains that the taxpayers are being oppressed for the benefit of the con- d Mr. Foster gives a table, showing that where the city does commercial e net cost to the city for its street lights is greater than where it does ting alone, which is explained, he says, by the extremely low prices for com- rk. The table is reproduced herewith.

show below how this table is compiled, and of how little value it is. Suffice say that the cities doing commercial lighting very generally report that their s cost them, net, much less on account of the commercial profits than they t the latter.

PROFITS VS. REDUCED COST.

operation of a commercial plant it is a question of policy whether the city a profit or so reduce the cost of street lighting to the taxpayers, thus tax- ers for the benefit of taxpayers, or shall furnish the light to consumers below taxing taxpayers for the benefit of consumers. I assume that the nearest ap- justice is attained when each service pays its own way. Consumers should at they get at its net cost price, and taxpayers should pay for street lamps at

If this principle be adopted, depreciation should be charged under the oper- ses of the plant, and should be actually written off from the capital from year e taxable property of the city should be assessed a fixed rate per lamp for all s, the proceeds of which should be debited by the electrical administration as ome, along with the commercial income, and from the two together should be perating expenses, leaving a "profit and loss" or "net revenue" account, which uld be credited with interest on bonds, depreciation and sinking fund.

Our cities are justly charged with inferior and loose business methods, and nowhere is reform more needed than in the bookkeeping. Fair-minded opponents agree that the city has the advantage in operation of industry, especially in the low rate of interest which it pays on loans, and the strength of their arguments lies solely in attacking the looseness of methods and the incompetency, not to say, corruption, of officials. Admitting that their attack is in most cases justified, the advocate of city ownership must point the way to a remedy or abandon his cause. The first step is better methods of municipal bookkeeping. It becomes especially urgent when the city enters upon the field of commercial lighting, and it becomes important to apportion properly the expenditures between taxpayers and consumers. This urgency increases with the size of the city, where consumers outnumber taxpayers. We may conclude that as far as bookkeeping itself is concerned, a depreciation of three per cent. on the total cost of the plant is ample to cover costs, and on this basis the rates to consumers should be fixed. Three per cent. on the entire capital, compounded at four per cent.—the rate of interest paid by cities—would replace the principal every twenty-one years. This rate is amply justified not only by the Aberdeen accounts, but also by the figures of other European cities. Glasgow, without carrying insurance, wrote off depreciation in 1894 of three and seven-tenths per cent.; in 1895, of three and nine-tenths per cent.; in 1896, of four and eight-tenths per cent.; Dublin, in 1897, nine-tenths of one per cent.; Bradford, 1897, two per cent.; Manchester, 1897, wrote off depreciation of £5,000, equal to one and six-tenths per cent. on the capital of £309,190, but from this amount deducted repairs and renewals of £1,692 19s. 8d., leaving a net depreciation of £3,307 0s. 4d., equal to one and one-tenths per cent. The strong conservatism of these English cities makes it quite certain that they have placed depreciation at the highest rate justifiable.

FOSTER'S ESTIMATES EXAGGERATED.

When, now, we proceed to compare the cost of public with private lighting, we see how greatly exaggerated is the estimate of Mr. Foster. He indeed does not make computations for lost taxes, but since this item cannot exceed 1 per cent., and probably should be excluded altogether, and since insurance is included in operating expenses of all the small plants which he examined, his rate of 7½ per cent. for depreciation is fully double a reasonable rate. Mr. Parsons, who makes fixed charges 5 per cent. to cover depreciation, insurance and lost taxes, is certainly sufficiently liberal to the opponents of municipal ownership.

The exaggerations of Foster's estimates appear yet more clearly when he compares directly the costs under public ownership with the costs under private ownership. He compares the total cost per lamp hour of the fourteen cities of his investigation which had street lighting plants alone with fourteen other cities having private plants. His averages apparently show that in municipal plants the cost to the city is 1.86 cents higher per hour than in private plants. But the table is worthless, both in method and in fact.

1. Every statistican knows that in getting averages extreme and exceptional cases should be omitted. In these fourteen municipal plants there are three exceptional cases—Alameda, Cal., where he himself says the high cost "throws doubt on the accuracy of the figures"; Fairfield, Iowa, a diminutive plant with but fourteen arcs and no commercial lighting; and Anderson, Ind., a plant using natural gas. Two of these cities have exceptionally high costs and one has exceptionally low costs. Excluding them, the average would be 4.13, instead of 4.44 cents per lamp hour.

2. His rate of interest for municipal plants is six per cent., which is fifty per cent. above the correct rate.

3. This rate is computed upon the total cost of plant to date, including new construction paid out of taxes. It should be computed only on the outstanding debt.

4. His rate of depreciation is seven and one-half per cent., which is one hundred er cent. above the true rate.

5. He selects fourteen private plants for comparison, which he says are similarly ituated (giving no names). But that is impossible, for private plants have always ommercial lighting as well as public lighting, and they usually give a lower rate to the ity than to private consumers. They can well afford to do so, for thus they keep their old on the private citizens. The usual method of judging the companies by their ates to the city overlooks the way in which they are depriving the people at large of he advantages of electricity. In Table XI., Mr. Foster selects sixteen private plants, he average cost of whose lights to the city is $0.086 per k.w. hour ($0.041 per lamp our), instead of $0.0358 per lamp hour.

Taking the first, second and fourth of these criticisms into account and omitting the thers, I have drawn up the following table, using the data supplied by Foster himself, nd by the side of the estimates which he had made for the fourteen city plants in ques- ion I have placed three trial columns, showing what would be the cost per hour: first, /ith interest at four per cent. (the actual rate), and depreciation at seven and one-half er cent. (his rate); secondly, with interest at four per cent., and depreciation at three er cent. I have also estimated again for each of the four columns what would be the rue averages if the three exceptional cases were omitted. It will be seen that even /ith depreciation at seven and one-half per cent., as he claims it should be, the average ost to cities is only $0.0351 when exceptions are omitted and interest is put at its true ate of four per cent. By the other estimates it is much lower. Thus Mr. Foster has een candid, a correction of his inexcusable guesses and mistakes of method demon- trates with his own data the decided superiority of the municipal plants.

TABLE XII.

Comparative Costs at Different Rates of Interest and Depreciation per Lamp Hour.

Cities.	Rate of Interest given by Officials to Foster.	Foster's Estimate.				Total price by contract with 14 private plants, names of cities not given.
		Interest, 6%. Depreciation, 7½%.	Interest, 4%. Depreciation, 7½%.	Interest, 4%. Depreciation, 5%.	Interest, 4%. Depreciation, 3%.	
		$	$	$	$	$
oahen, Ind	....	0.0480	0.0459	0.0426	0.0403	0.055
ewiston, Me	....	.0257	.0246	.0231	.0216	.052
aston, Penn	4	†.0413	.0413	.0388	.0359	.026
rederick, Md	...	.0319	.0372	.0345	.0323	.055
airfield, Ia.*	....	.0765	.0712	.0648	.0597	.053
nderson, Ind.*	....	.0150	.0141	.0127	.0120	.025
ittle Rock, Ark	....	.0503	.0448	.0413	.0385	.032
arshalltown, Ia	....	.0226	.0207	.0183	.0162	.033
lameda, Cal.*	5	.1240	.1229	.1145	.1004	.029
ainesville, O	....	.0395	.0392	.0366	.0347	.035
hicago, Ill.	....	.0430	.0410	.0371	.0337	.032
lgin, Ill	5	.0400	.0391	.0372	.0348	.028
est Troy, N.Y	....	.0241	.0225	.0212	.0199	.033
ay City, Mich	....	.0308	.0300	.0279	.0262	.033
Averages	....	.0444	.0425	.0393	.0361	.0358
xtremes omitted	....	.0413	.0351	.0326	.0304	....
andle power per 1 cent	....	484	570	613	658	559

* These are omitted under "Extremes Omitted. † Four per cent.

Similar corrections also show that in cities with commercial plants the net cost of public lighting, instead of being $0.1105 per k.w. hour ($0.0579 per lamp hour), is only $0.0668 per k.w. hour ($0.0319 per lamp hour), and is therefore less than when the city has street lamps alone, and is less than the price paid to the private companies, which Foster adduces, by $0.0192 per k.w. hour ($0.0091 per lamp hour), a difference of twenty-two per cent. in favor of municipal plants. The table is reproduced here with these corrections:

TABLE XIII.

Comparative Estimates of Net Cost per K. W. of Public Lighting for Cities having Commercial Plants.

Cities.	Rate of Interest reported by officials to Foster.	Total cost per k. w. for total output.—Foster.	Net cost per k. w. used for city lamps after deducting commercial income.	Same with interest 4% depreciation 7%.	Same with int. as given, and depreciation 5%.	Total cost by contract with private companies, names not given. Foster.
		$	$	$	$	$
Crete, Neb	.....	0.2473	0.2620	0.2439	0.2220	0.115
Chehalis, Wash	8	.0960	.0913	.....	.0887	.077
Luverne, Minn	7	.0528	.0019	.....	*.0214	.081
Dunkirk, N.Y	.....	.0569	.0565	.0546	.0449	.053
Shelbina, Mo	7	.1324	.1770	.....	.0417	.091
Farmville, Va	6	.0884	.0259	.....	.0413	.082
Rockport, Mo	6	.0975	.0149	.....	†.0082	.046
Hope, Ark	.....	.0758	.0830	.0685	.0507	.078
Arlington, Minn	.....	.1540	.2160	.2036	.1282	.104
Falls City, Neb	5	.0561	.0011	.....	‡.0093	.041
Madison, Ga	6	.1470	.1760	.....	.1620	.065
St. Clairsville, O	5	.0483	.0617	.....	.0540	.080
Hannibal, Mo	.....	.0565	.0734	.....	.0585	.123
Quakertown, Pa	4	.1095	.1870	.....	.1701	.162
West Field, N.Y	4	.0956	.1294	.....	.1225	.096
Averages	.....	.1009	.1105	.....	.0668	.058
Same in Lamp Hour 2,000 c.p	.....	.0842	.0579	.....	.0319	.041
Candle Power per 1 cent	.....	237.	345.	.....	627.	488.

* Profit $225. † Profit $160. ‡ Profit $200.

DETROIT AND CHICAGO CONTRASTED.

The foregoing analysis of Mr. Foster's statistics is enough to show that the actual results of municipal lighting are superior to those of private operation. The estimates made in the last two columns of Table II. may be considered as marking the extreme cost of municipal lighting, including, as they do, every reasonable charge, and allowing from two to four per cent. more for fixed charges than the facts really demanded. In addition to the preceding discussion, I present the following comparisons of interest:—

The municipal plant in Detroit for the year ending June 3, 1897, reports the actual cost of 1,564 arc lamps, including interest, depreciation and lost taxes, at $89.42 per year. There were also 3,064 incandescents, making a total of 1,716 full arcs, on the basis of k.w. hours of output. The total cost, including interest at four per cent., and other fixed charges, five per cent., was $171,883.56, equal to $100.16 per arc equivalent. I am convinced that this estimate is too high for Detroit, because the underground construction should bring depreciation below three per cent.; also the cost of the plant,

3.76. is $416.57 per arc equivalent, which is $134.07 in excess of the Allegheny ($282.50 per arc equivalent), and probably $200 in excess of the cost in private which have commercial lighting. The high cost includes underground construc- uilt in anticipation of future growth of the city. Taking these into account, the te of the commission at $89.42 is more nearly just.

e municipal plant of Chicago was reported by the city electrician in 1896 as fur- ; arc lights at the cost of $96.40 for operation. I am informed by the comptroller ıe present city electrician thinks this estimate is incorret, "for the reason that ough is included for the maintenance of the lights, and there is no allowance made ice expenses. He has made a separation of the charges and added in the ts which have been omitted, and finds that the lights actually cost the city about er light per year," not including fixed charges. Since July 1st, 1897, however, the t electrician figures the average cost per light per month at $7.35, including "a oportion of office expenses, all repairs and improvements in stations and circuits, the operating charges. The estimate of the cost per light per year will not ex- o, and he has hopes of making it still lower next year. He does not figure any t on the money invested. A full 2,000-power electric light is furnished, and re- how that the lights are operated a greater number of hours than any other mu- or private plant from which this city has ever received a report. The cost per as $0.0224." As I have no detailed reports from the Chicago plant, I give below mputations above made for Detroit and Allegheny, together with prices charged vate companies in representative cities:—

TABLE XIV.

Comparison of Costs to the City for Street Lighting.

	No. Lamps 2,000 c.p.	No. Hours per Year.	Cost to city.	Cost per lamp hour.	Candle power for one cent.
unicipal Plants.			$	$	
ny.....	1,235	4.007	73 53	.0183	1,093
....	1,716	3,791	100 16	.0264	757
Official	1,564	3,791	89 42	.0236	847
rivate Plants.					
g	1,700	3,650	96 00	.0263	760
.....	2,100	3,650	126 00	.0345	580
is, O	990	2,179	74 50	.....	585
polis, Ind	1,100	2,179	85 00	.....	511
lphia	6,500	4,000	109 to 146	.....	498 to 734
rk.....	.....	4,000	146 00	.0365	548

e municipal plant in Allegheny reports that the operating expenses for 1,037 arc in 1896-7 were $53.55 per lamp, having been $61.24 in 1895-6. There were also ıcandescents, and on the basis of the total output in k.w. hours, these made a ıuivalent to 1,235 2,000-candle-power arcs. The operating expenses were $73,851.98. was no debt, and depreciation, lost taxes, and insurance on the total value of the $348,921.39) at five per cent. were $17,024.72, making the total cost per full arc ent $75.53.

OPERATING EXPENSES OF MUNICIPAL AND ELECTRIC PLANTS.

Below I have compared the operating expenses of the two largest American municipal stations which have published the records of their output in kilowatt hours, with the four cities, Glasgow, Manchester, Dublin, and Aberdeen, and have also inserted Foster's estimate for the fourteen American municipal stations noted above in Table V., and his citation of Crompton's English stations. The high labor cost of the American stations is noticeable, but, notwithstanding labor in Allegheny and Detroit is 145 per cent. and 152 per cent. higher than in Manchester and Glasgow respectively, and the cost of fuel is but slightly different, yet the total cost for American cities is but ten per cent. higher than that of the two model British municipalities, and but little above Crompton's ideal English station. The smaller American municipalities, although bearing nearly double the labor cost, have a total cost less than five per cent. above the twenty-three English stations.

TABLE XV.

Comparison of Operating Expenses per K. W.

	Year ending.	Total k. w. generated at the station.	Labor.	Fuel.	Supplies.	Repairs.	Office.	Miscellaneous.	Total.
Allegheny	Mar. 1, '97..	2,711,631	.0108	.0060	.0064	.0026	.0014	.....	.0272
Detroit	June 30, '97..	2,980,412	.0222	.0055	.0043	.0017	.0033	.....	.0370
14 Am. municipal stations.—Foster	.....	.....	.0251	.0173	*	*	*	.0161	.0585
Glasgow	Mar. 3, '96..	1,279,687	.0088	.0033	.0018	.0038	.0009	.0009	.0355
Manchester	Mar. 3, '97..	3,028,357	.0044	.0066	.0015	.0055	.0049	.0013	.0242
Dublin	Dec. 31, '96..	718,074	.0172	.0213	.0032	.0086	.0049	.0004	.0550
Aberdeen	Dec. 31, '96..	236,649	.0097	.0046	.0017	.0137	.0093	.0022	.0411
23 English stations.—Crompton	.....	.....	.0144	.0223	*	*	*	.0194	.0560
Ideal English stations.—Crompton	.....	.....	.0040	.0054	*	*	*	.0170	.0264

* Supplies and Office.

IMPORTANCE OF COMMERCIAL LIGHTING.

The foregoing comparisons have dealt mainly with American street plants. But it is an unfair comparison which looks mainly at street lighting. Even more important is the relief of the private consumers from exorbitant charges. Incandescent lighting can be furnished at ten cents per kw. hour or one-half cent per lamp hour—one-half the usual private rates—and yield a large profit to the municipal plant. At this rate it is cheaper than gas and more wholesome and convenient. Besides, electrical power can be furnished at much lower rates. The only failures of municipal plants hitherto reported are those which furnished street lighting alone, and the so-called greater success of the private companies which took the place of the municipal failures has been based upon their commercial business. One or two examples will show the great importance of this side of municipal lighting.

Jamestown, N.Y., operates 275 street lamps of 1,200 candle power each an average of six hours per night or 2,200 per year, and 1,200 sixteen candle power incandescents in alleys and public buildings. The latter at three hours per night are equivalent to 100 arcs making a total of 375—1,200 candle power arcs. The operating expenses and

insurance are $19,122.16; interest on bonds ($72,000 at 4 per cent.), $2,800; lost taxes and depreciation on the cost of plant ($74,000 at 4 per cent.), $2,960; total cost $24,707.16. The commercial income from 1,500 lamps is $5,913.89, leaving a net cost to taxpayers for public lamps of $19,028.27 or $50.79 per year, or $.0231 per lamp hour. The only other cities of New York reported in Johnson's Electrical Directory as having 1,200 candle power street lamps are the following: Elmira—335 lamps at $102.20 per year, all night, $.0281 per lamp hour. Middletown—32 lamps, at $108, all night, every night, $.0293 per lamp hour. New Brighton—100 lamps, at $100, all night, every night, $.0274 per lamp hour. Not considering that the cost per lamp hour should be much less where lamps are burned ten hours instead of six, the cost to Jamestown is one-half cent per hour less than in other cities or eleven dollars per year per lamp, a saving of $4,125.00. The commercial customers of the city pay $6,000 per year which is a saving of $3,000 for them, as compared with their former payments to the private company. Further, the private company still furnishes 10,000 incandescents, 188 arcs and 200 horse power, on which the reductions in charges have been fully $10,000 and probably $20,000. The total saving to the city therefore, has been probably $25,000 yearly.

Lansing, Michigan, pays its municipal plant $10,000 yearly for 117 2,000 candle power lamps, moonlight schedule, all night, and the plant receives also $15,000 for private lighting, making a profit for the plant of $7,000 yearly above operating expenses and interest. The rates are twelve cents per kw., being a reduction of eight cents below the rates charged by the private company whose plant the city purchased. The saving to the citizens on commercial lighting is there approximately $10,000 per year.

PRIVATE OWNERSHIP PRODUCES CORRUPTION.

The foregoing statistical comparisons may be taken as indicative that the great majority of the 200 or 300 cities and villages now furnishing light are actually getting better service at less cost than those which depend upon private companies. It is objected that such cannot be the case, especially in our large cities, because of the flagrant municipal corruption and inefficiency. Business ability and integrity are excluded from municipal office, appointments are made as a reward of political service, and the municipal plant soon becomes burdened with barnacles who draw pay without work. I do not deny that such is often the case. But I maintain nine-tenths of the existing municipal corruption and inefficiency results from the policy of leaving municipal functions to private parties; and that an essential part of the present unparalleled awakening of civic conscience on the part of all classes of the people is the desire for municipal ownership of franchises. As the people become aroused to the degradation of their politics and the need of reform, their attention is concentrated on the chief source of that degradation, the underhanded and often high-handed domination of city officials and machine politics by the corporations whose life is maintained by city franchises. It is from them that the politicians get their campaign funds. Contrast the results of municipal ownership above given with the following:

In a city of 100,000 population a private company is organized in the early days of electric lighting with a capital of $100,000 supposed to have been actually paid up. In 1889 the company is "reorganized," increasing its capital by $130,000, $50,000 of which is for a "license" to use incandescent lights which it had already been using for several years, selling the entire increase in capital at from ninety to par. It has a contract for municipal lighting at $144 per arc per year, but has no definite franchise for private lighting. In 1890 a new company of eminent and respectable citizens is organized, at the head of which is the "boss" of one of the political party organizations. This gentleman has associated with him nine prominent citizens who control the avenues of public opinion, all the newspapers, directly or indirectly, and both political

parties. They come before the common council promising cheaper light. They get a franchise from the aldermen by well-known methods. They invest only enough money to erect two or three poles and so hold their franchise. They then make overtures to the old company, which again is "reorganized." This time the capitalization is increased to $1,640,000 in stock and bonds, of which $400,000 in stock is given to these ten respectable citizens who procured the franchise and $750,000 of which is in bonds at 6 per cent. interest, making a fixed charge of $45,000 in interest yearly on a plant that could be duplicated for less than $1,000,000. Here is a case where ten of the most respectable business men and lawyers of the city have placed their pecuniary interest in direct antagonism to good and honest government. They have become the powerful opponents of all public-spirited officials who attempt to get fair terms for the city in this particular business of controlling the supply of electric light and power, and no matter how they may afterwards "reform" and demand honest government, the people at large have learned to discount what they say and to distrust their efforts in subsequent movements for civic reform. Strangely enough two or three of these very same men, being appointed without a salary to positions on the board of water commissioners to construct and operate a water works plant owned by the city, exhibited the very highest integrity and patient industry in promoting the city's interest and constructing a plant of which the citizens are justly proud.

We may call upon our eminent business men to arouse from their lethargy and to take an active part in municipal reform but so many of them have been mixed in these "jobs" that the people at large have no confidence in their leadership nor in any candidate for office whom they are known to advocate. Such business men need reforming themselves, but this is to be done, not by appealing to them after the method of revivalists, but by removing temptation from their way and giving them an opportunity to really serve the community in a public and honorable way through the employment of their distinguished business abilities. Private ownership of municipal monopolies forces them and all whom they can influence to oppose the good of the city. Municipal ownership makes it to their interest to place their abilities at the service of the city and to take an honest pride in the good they can contribute to it.

MUNICIPAL OWNERSHIP OF GAS IN THE UNITED STATES.

Professor Bemis, the well-known sociologist, has a very able paper with the above title in the Publications of the American Economic Association for 1891, Vol. 6, Nos. 4 and 5, the paper, and its appendices, occupying nearly 200 pages. His conclusions are altogether favorable to municipal ownership. He maintains that:

American Economic Association, 1891, p. 150 of Nos. 4 and 5.

The present decade will probably see the doubling of the number of city owned gas plants in this country.

It will surprise many to learn that as many as one hundred municipalities already own their electric light plants in this country, and the number is increasing yearly. Only a few places have yet discovered that there is much more money to be made in gas than in electric lighting. Yet such is the fact, as remarked to the writer by a member of the Massachusetts gas commission, and by the editor of one of our gas and electric light journals. This is probably because the use of gas is more general, and its manufacture and distribution, especially the latter, are a more complete monopoly than is electricity. Wires of temporarily competing companies, however annoying and dangerous to the public, can be more easily strung and are less annoying than the tearing up of the streets for rival gas mains.

What money there is in electric lighting, however, can be best secured by cities which run the lights in connection with the water works department with much saving in salaries, wages and even buildings.

When this great profit in gas and the certainty that, so far from being displaced by electricity, gas is greatly helped thereby, as shown on a previous page, is understood, and when the real success thus far of city ownership in this country is once generally known, a rapid increase in the number of such municipal works is sure to come.

THE CITY FOR THE PEOPLE.

Professor Frank Parsons, the writer of a book with the above title, has an excellent title to be heard on the subject, he having occupied among a multitude of other offices the president of the National Public Ownership League of the United States. His book is a perfect magazine of facts and arguments in relation to municipal ownership and some 300 pages of it might be reprinted here to advantage if space and the copyright laws permitted. That being impossible, however, it will be best to give here Professor Parsons' summing up of his work and refer the enquirer to the book for closer acquaintance with his facts:

Parsons, The City for the People, pp. 251-253.

Does the reader see reason to believe

A. That private monopoly means

1. Privilege, unequal rights, breach of democracy.

2. Congestion of wealth and opportunity.

3. Antagonism of interest between owners and the public, often causing extortion, inflation, fraud, defiance of law, corruption of government, etc.

4. The sovereign power of taxation in private hands and the ultra sovereign or despotic power of taxation without representation and for private purposes.

B. That regulation though capable of affording some relief, cannot attain a complete solution, since privilege, congestion of benefit and antagonism of interest will still remain, while the motives to corruption, fraud and evasion of law are intensified and evil is driven deeper into the dark.

C. That public ownership in the true sense will abolish privilege and remove the antagonism of interest between monopolists and the public, which is the taproot of monopoly evils. Public ownership alone can attain the maximum diffusion of benefit and realize the ideals of democracy.

If you do see this, or if for any other reason you favor the extension of public ownership, will you do what you can to secure the following:

1. Publicity of the accounts and transactions of corporations, monopolies and combines in order that we may know exactly what the real investment, operating cost, salaries, wages, depreciation and profits are. The law should provide for direct inspection and audit by public officers and for full publicity of the results. The public which supplies the franchise and the patronage is of right a partner in the business and entitled to a knowledge of the inside facts. This knowledge is needed to fully prepare the way for the following moves.

2. Efficient prohibitions and penalties against stockwatering and inflation of capital. Taxation of the maximum face or market value of corporate securities, instead of allowing the companies to tax the people in rates on the basis of face and market values of stock and bonds, while paying back to the public a small tax on the actual value, or in most cases a fraction of the actual value of the plant. This will help to squeeze the inflation out of monopolistic capital, especially if the tax rate be made progressively higher in proportion to the width of separation between the maximum face or market capitalization and the structural value of the plant. This measure will have the additional advantage of enlarging the public revenues during the process of cutting down overgrown capitalization.

3. Reduction of rates by legislatures, councils, commissions, etc., to the point where (after paying operating cost, depreciation and taxes) they will yield simply a reasonable

profit on the actual present value of the capital the owners have put in the business. This will check extortion, diminish the funds available for corruption and wealth congestion, squeeze all the remaining water out of corporate capital and prepare the way for public purchase at reasonable prices. (The amount the owners have put into the business, less depreciation.)

4. Progressive taxation of large incomes, inheritances, land values and other properties exceeding a moderate individual holding. This will help to check the concentration of wealth, diminish the corruption fund, return to the people a part of the money unfairly taken from them in monopoly taxes, etc., and provide ample funds for the public purchase or construction of gas and electric plants, street railways, telephone systems, etc. By perfectly just and lawful methods we can meet the cost of buying the monopolies by making the monopolists pay that cost out of the monies they have captured from the people through unearned rents, excessive rates and unjust legislative grants; we can do it by means of progressive taxes levied in accordance with the principles laid down by Judge Cooley, John Stuart Mill, Francis A. Walker and other eminent authorities, culminating in the equitable maximum "Equality in taxation means equality of sacrifice."

5. Direct legislation and the merit system of civil service to secure public ownership of the government and provide the best foundations for real public ownership of industrial monopolies.

6. The extension of public ownership and co-operative industry by purchase of existing monopolies or construction of public utilities and by favoring profit-sharing, labor-copartnership, co-operative companies and federations, consumers' leagues and everything that looks toward union of effort for the good of all. None are more interested in these movements than the wealthy, for they mean evolution instead of revolution.

SOCIAL REFORM AND THE CHURCH.

Professor J. R. Commons' book with the above title is a collection of essays in which he attributes no small part of the social evils of the present day to the failure of Christian ministers to live and preach up to the Christian standard. One of the essays has the title of "Municipal Monopolies," which he treats from a humanitarian standpoint. He says:

Commons, Social Reform and the Church, p. 126.

Unquestionably the corporations have made possible the present marvellous development of industry. They have opened up the resources of the country on a large scale, have conducted costly experiments, and brought about unnumbered economies. But private corporations in control of the distributive industries of a city are very different from the original experimental corporations. An argument was formerly in vogue to the effect that private business was always better managed than public, because the proprietor had a personal, immediate interest in the success of his business. He gave his individual attention to its oversight. He watched the details, took advantage of improvements, sought eagerly to please his customers and to solicit trade. These arguments held true regarding corporations, because the owners were always the originators and managers of their own business. But for city monopolies this is no longer true. These industries have passed far beyond the experimental stage. They supply necessities. They need none of the costly devices of advertising and bill-posting. Their market is constant. In good times or bad the people must patronize them. They are the safest kind of business that can possibly be entered upon. In this regard they even surpass distributive industries in the country at large, like railways and the telegraph. Cities are growing rapidly in size; no competitors can contend with these municipal monopolies for their growing market; and every increase in sales is accompanied by a

diminishing cost of production. Whether the business is managed well or ill, profits must swiftly increase.

Consequently we find as we should expect, a change in the character of corporations owning these enterprises. The stockholders are no longer, as a rule, the managers. They have surrendered their earlier functions into the hands of salaried presidents, superintendents and attorneys. These are the men who really control such enterprises and deal with the customers. They are agents. The stockholders are perhaps absentees. They look only for dividends. Their agents are responsible for the dividends, not directly for the public services they render.

With these facts recognized, the conclusion is necessary that these indutries must either be controlled or owned by the city. Nobody any longer favors leaving them alone. The moral revolution has gone too far. These enterprises hold the dearest interests of the masses in their hands. They employ thousands of laborers. And, notwithstanding the city gives to them the most valuable of special privileges, there are no employers in the land who work their men so long or pay them so poorly, unless public control forces them into better ways. Besides their charges are nearly always disproportionally far above the cost of their services, as measured by those of other industries. Every city in the land is in a constant fever of complaint because of the high charges and shabby services of these favored monopolies. The working girl, receiving only six dollars a week, is forced to stand morning and evening in a cold and crowded street car and deliver to the agents of the company at least one-tenth of her income. She is thus taxed in a relentless way that the government itself dare not attempt. The Manhattan Elevated of New York carries its passengers at the cost of two and one-half cents apiece and them five cents for doing it. This is simply the highway robbery of the poor. Gas and electric light are furnihed at a prohibitory tariff.

But there is a corporation which is responsible to the demands of morals. This is the city itself. Private financiering is carried on for dividends. Public financiering is conducted for the good of the public. The moral revolution has passed by the private corporation, and is fast giving us a new goal for the municipal corporation.

There is a widespread complaint about the corruption of city government. Fault is found with the army of ignorant and boss-led voters. But how can a city government be pure and noble, when we look upon its reform merely as a matter of reducing the tax rate? Men are better than taxes. We shall never have upright city government until cities are regarded as means for elevating, widening and rejoicing the life of the day-laborer, his wife and children. If the city does nothing for your ignorant voter, why should he not get something else for his vote? Let the city renovate the tenement house, even build its own tenement houses, as Liverpool and Glasgow have done; let it regulate and inspect the markets, keep down extortion and pawnbrokers' usury, as Berlin has done; let it furnish cheap transportation and carry the children free to school and back, as Sydney and Melbourne have done; let it furnish cheap gas, electric light and power, pure water, and even steam heat at cost to all the poorest, as various cities abroad and at home have done; then should we have a city worth spending enthusiasm upon. Then would city government take hold of the hearts of the meanest voters. At present the working man has nothing at stake in his municipality. He is a mere pack-horse, with a precarious shelter-at-will in somebody else's tenement. The city does nothing for him. What interest can he take in it?

You may say this is not business—it is sentiment. Yes, it is sentiment. But he who counts upon ruling out the ethical impulses from politics, religion or business, is revolting against the one social force that is resistless. With this new view of city government arising in the hearts of men, economists are compelled to add new emphasis to the distinction between industries that are public and those that are private. The distributive industries are public. We are only beginning to see how significant

they are for the welfare of every other enterprise in the city. Thy must be made servants to them.

What, then, can public control and regulation short of ownership and management do, to make them fulfil their proper purpose? Massachusetts has established a State board of gas and electric light commissioners with extraordinary powers. Upon complaint from any city, the board can make examination and can order the company to charge reasonable rates and to establish reasonable conditions. Its decisions are final. The board has been in existence for eight years; yet in no State in the Union to-day is the demand for public ownership more urgent. Charges have been reduced in but a few cases through the efforts of the board, and then very insignificantly. The companies continue to pay high dividends on inflated stock, and the service, though somewhat improved is far below that where cities own their plants. The commission protects the companies even more than the public. In many States the companies are advocating commissions to stem the tide for public ownership.

It is one thing to show what ought to be done and another to show that it can be done. Can cities safely undertake these enterprises? Would not expenses be greater? Would not improvements cease to be added? Would not political corruption be increased?

There are four characteristics belonging to these enterprises, as compared with strictly private business, which render them peculiarly fit for public ownership and management.

In the first place, they are not experiments. They supply necessities. Unless the city itself withers away they are sure to grow more profitable. Government in none of its forms can afford to take risks. If an individual fail in an experiment he alone goes into bankruptcy. But if a government fail, bankruptcy means the beginning of anarchy. Government must be cautions, but cities run no risks whatever in these industries.

These industries, too, are monopolies. Government cannot safely engage in competition with private corporations. If government did not forbid private persons to carry the mails, the public post-office would prove a failure. This does not mean that public service is inefficient, but that public financiering is based on different principles from private. Its purpose is the development of the country, of the city, the encouragement of industry, the equalizing of conditions, the welfare of the masses. A private post-office would give magnificent service between the great cities and wealthy patrons. It would carry letters in cities for half a cnet. But the South and West, the poor and the isolated, would have no service whatever, or else would pay extortionate prices. The Atlantic coast and the Great Lakes regions support the post-office, and pay for all the country. Other sections are served at heavy loss. This can be done only by enforcing a monopoly or by imposing taxes. So it is with a municipal enterprise. Like the streets and highways, it is a necessary condition and stimulus for private business. It ought not to be conducted for profit, but for service. For effecting this result it must be a monopoly.

Again, these enterprises are pre-eminently simple in their organization. There are no complex, minute details. There is little delicacy of adjustment. Not a great amount of skill is required from the workmen. A large number of employees perform the same operation. They can be organized like an army. The accounts are easily kept, and the public can understand them.

And lastly, the workmen are constantly under the eye of their employers, the public. The public is capable of judging as to the quality of the service. Complaint is easily made. The manager and superintendents are your neighbors. If they are responsible to you they will serve you well.

These are four advantages which render it presumptive that city governments could successfully own and operate these enterprises. Experience, also, as far as it can be gathered, realizes these presumptions. City ownership and management, in every known case where it has been tried, is superior to private ownership and management. I can stop here only to give final results and averages, as far as these enterprises have been studied, and refer you for details to other sources.*

According to the census report of 1892, the average annual charge for water for an average dwelling in thirty-six cities owning their works, was $11.50 for an average daily per capita consumption of ninety gallons; while in fourteen cities, under private ownership, the charge was $17.42, or an average of 51 per cent. higher. The lowest charge was for public ownership, $4.50. The highest was for private ownership, $31.00. The average cost of the works under city ownership was $21.35 to each head of population, while, under private ownership, companies were paying dividends on $31.20 per capital, being 46 per cent. higher.

In the manufacture of gas European cities have gone ahead of American cities. In Germany 50 per cent. of the cities own their works, and the charges are, in every case, less than for private services. Berlin clears $1,200,000 a year on her municipal gas, and sells it for $1.00 a thousand. New York, with the same population, pays $1.25 a thousand, and gets nothing but a small lot of taxes and a big lot of bribed aldermen.

In England public works have increased in sixteen years 23 per cent., while private works have increased 19.88 per cent. The average price charged for public works is 2s. 6d.—60 cents—the average by private works 2s. 9½d.—67 cents. It is a general fact that with public ownership the consumption of gas and other services is much smaller in proportion to the number of consumers than with private ownership, showing that the public serves the poorer classes. In England it stands 29,000 feet per consumer in public works, and 55,000 in private; while with public works the number of consumers is 15 per cent. of the population, and with private works it is only 8½ per cent.

In the United States there are but twelve cities owning gas works. Two of these secured their works in 1892 and one in 1891. Philadelphia, notwithstanding a wornout plant and wide areas, manufactures and delivers gas 76 cents per thousand feet; and, making allowance for extensions, interest and taxes, the cost would be $1.06. She sells it for $1.50, clears over $1,000,000 a year and with her water works reduces the tax rate on other property 60 cents on the hundred dollars.

The city of Wheeling, with 35,000 population, made and delivered gas in 1892 for 57 cents per thousand feet, allowing 7 per cent. for interest and taxes; sold the gas for 75 cents to private consumers, furnished free all gas used by the city, and cleared $28,000 cash.

The average cost for nine cities which have been in the business for more than two years is 64 cents a thousand. The cost of making gas is rapidly falling. Water gas can be made and sold for 35 cents. If a city owns its works, it gets the advantage of such improvements. Otherwise no reductions are made. Philadelphia, having her own pipes, buys water gas in the holders for 37 cents.

The number of consumers in Philadelphia is 13 per cent. of the population. In Wheeling 10 per cent. In Boston, with private ownership it is only 7 per cent.

Public works can be duplicated in cities of 20,000 population and over at a cost of

*Statistical data following are derived from the "Census Bulletins" of 1890; "Consular Report on Gas in Foreign Countries"; Review of Reviews, February, 1893, articles on Municipal Gasmaking and Electric Lighting in the United States; The Aegis, Madison, Wis., containing report of a debate on Municipal Ownership; Bemis, "Public Ownership of Gas in the United States," in publications of the American Economic Association. The statistics are ably criticized, however, by Rosewater in publications of the American Statistical Association, 1893, Vol. III., Numbers 21 and 22. Mr. Rosewater apparently does not deny the conclusions to be drawn from the statistics, since he advocates municipal ownership. He rightly enjoins caution in the use of the figures, especially in the matter of averages.

about three dollars per thousand feet of product. As cities can borrow for 4 per cent. the allowance for interest would be about 12 cents per thousand. In twenty-two large cities the companies are paying handsome dividends on a capitalization of $7.72 per thousand feet. If dividends are 6 per cent. this would be an average monopoly squeezing of 46 cents on the thousand feet. In Chicago, with a capitalization of $10.63, it would be 60 cents a thousand.

Electric lighting shows even more startling comparisons. The average cost per light per year of arcs operated by twenty-three cities is $53.04. Making the very liberal allowance of 12 per cent. on the total cost of plant and buildings, for interest, depreciation and taxes, the average cost is $86.64, and, at an allowance of 7 per cent. the cost is only $75.64. But twenty-nine private companies under substantially similar conditions, and for the same lights, received an average of $106.61—from 20 to 40 per cent. higher than public cost.

There are very few cities, abroad or at home, which own and operate their street railways. But Plymouth, Glasgow and London have recently purchased portions of their lines and have just begun to operate them. Thirty-three English cities own their lines but lease them to companies. Toronto operated its lines for six months at a profit of $25,000 per month, but has leased them to a private company for $12,000 per month.

The enormous profits of street railway lines is well known, as well as the magnificent stockwatering which is based upon them. The Manhattan Elevated of New York City, costing $22,000,000, is bonded and stocked at $70,000,000, pays 6 per cent. dividends, and its inflated stock sells at $170. Nearly every city in the country shows these roads paying good dividends on from two to five times their cost.

Now, what could be done by cities if they owned and operated their railways? In the first place, they can borrow money at two-thirds the rate paid by private corporations. They would not seek profits, but could immediately reduce charges one-half. Traffic would be greatly increased. Private corporations are often short-sighted in the conduct of their own business. The State of Iowa, through its State commission, reduced the charges for railway freight in that State 18 per cent. The railways protested, and had the law declared unconstitutional by the federal court. But they did not ask to have the judicial decree enforced, because, in the meantime, their net earnings had increased 25 per cent. Hungary reduced the passenger charges on her State railways 75 per cent., and the traffic increased nearly 500 per cent., while the net earnings increased 30 to 40 per cent.

Not only would cities lower the charges, they would also improve the service. The poorer districts would receive extensions, cars would be furnished in abundance, warm coaches would be substituted for hay barns. Better wages would be paid, drivers protected from the cold, shorter hours and holidays would be provided.

What would be the effect upon the business industry of the city? Every family would save $20 to $40 from street-car fares to spend for clothing, groceries, shoes and amusements. Profits from the street car business would be spent at home instead of in Europe. This would increase the business of a city by hundreds of thousands of dollars. Laboring people could live in the country and own their homes. They would take a personal interest in the city government. Tenements would not be crowded. Sanitary conditions would be improved and the death rate lowered. Men out of work could ride in search of employment, instead of wearily tramping the streets. Laborers would be in better health, have better food, do better work, and all city industries would be materially advanced and stimulated. So great are the possibilities of cheap transportation that I believe the time will come when cities will carry freight as well as passengers and will perform this work free of charge, paying the expenses out of taxes. Consider what a blight it would be to have our streets themselves owned by private companies and every pedestrian compelled to pay toll when going through the turnstile

or under the gates. As cities grow in size and become overcrowded the actual work of transportation will become as important, and will have to be done on the same principle as the present work of merely paving, bridging and cleaning the streets.

I need not go further to show what are the possibilities of city ownership and management. Everybody concedes most of this. But you are doubtless thinking, "All this is very fine, but do you not know that city government in America is the most corrupt thing on earth? You want to increase the civil service five or ten times. You want to put thousands of employees in the ranks of spoils. You want a carnival of corruption. You want to bring these important enterprises into politics."

Now, I ask, can they ever be deeper in politics than they are to-day? They, unlike other kinds of business, depend directly upon legislation for their franchises. And if we adopt more stringent public control, we but increase their dependence on politics. But, if they be owned by the city, to whose interest would it be to bribe aldermen and legislators? What would become of the lobby? Would aldermen and legislators introduce bills in order to blackmail them, and then withdraw the bills? In fact, city ownership takes them out of politics. This is universally the case in the cities of Europe; and even in our own corrupt cities, the same is true.

Yet I do not belittle this side of the question. I agree that city government must be improved before these industries can be safely intrusted to it. In the minds of nearly everyone, this is the only stumbling block in the way of city operation. Therefore, here is where our most earnest attention must be directed.

The question is one simply of choosing agents. The only advantage now possessed by a private corporation over a municipal one is the greater ability and freedom of private stockholders in selecting managers and operators. They do not attend to the management themselves. They choose others to do it. And this is what a city must do if it operates its own works.

The problem, then, is one of the civil service. Is it impossible to devise a system of public selection which shall choose able and experienced men to carry on public enterprises, which shall make them responsible to the people and not to the party managers and which shall give them secure tenure of office so long as they do their work well? Private corporations do this. Can public corporations do the same?

I do not believe that America need fall behind Europe and Australia in this matter. They have perfect and incorruptible city governments. Cannot we?

It is not necessary to imitate foreign cities. Our problems are our own. They must be solved in our way. And he is quite blind who does not see that we are beginning to solve them. First, we have about settled the question of the mayor. We have discovered the secret of individual personal responsibility. We have done nothing yet for councils and boards of aldermen, except to shear them of their power. But the time will soon come when they will be as well under control as the mayor. Why is it the American cities have capable, economical fire departments? It is because the insurance companies put up the premiums and the business community is forced, through the nerves of its pocketbook to bring the fire department into line with upright business principles. The same can be done for every other department of city government. Let us take the fire department as a model. Let us improve it in places. Let us apply its methods to the entire city government. Then there will be no question of political corruption.

I will sketch the way in which it seems to me the thing can be done, taking as a model certain features of the fire departments in various cities of the Union.

Let us suppose that the city has purchased the street cars and purposes to operate them. First the mayor is the one responsible head for the city government. He appoints a single head of the department of transportation, who is responsible to him and none other. This director of transportation is appointed only during the term of the

mayor, and is therefore not an operative or superintendent, but a political officer who determines the general policy of his department and represents it before the people.

The director appoints the superintendent, or general manager. This is not a political office, but a kind of technical superintendency. The officer is appointed for life or good behavior. He must be a scientific expert, acquainted with all systems of transportation at home and abroad. He is responsible only to the director and is the only officer whom the director appoints.

This superintendent in turn appoints his immediate subordinates, such as foremen of the different divisions. And the foremen appoint the operatives. Appointments must, in all cases, except the lowest, be made by way of promoting individuals who are already in the service. There is thus a regular gradation of responsibility. Every individual in the entire service is responsible to but one man, and that his immediate superior. Every individual is appointed for life or good behavior. Every individual from the director down to the day laborer, can be summarily dismissed from the service only by his immediate superior. But the only valid reasons for dismissal are incompetency and such insubordination as is injurious to the service. Every man dismissed has the right of public trial before a bench of judges composed, perhaps, of the mayor, the chairman of the city council, and the judge of the circuit court. This bench must summon witnesses who must testify under oath, and the dismissed officer must be confronted by the superior who dismissed him. The bench of judges has power to affirm the removal or to reinstate the officer. Proceedings are to be public, and the press, public opinion, and the high standard of the judges, will see that justice is done.

Every appointee of the service should receive a pension after he reaches the age of 60 or 65, according to the nature of his duties and the state of his health, as is done in fire departments. The fund for this pension should be contributed partly from a tax on the wages of employees and party from the income of the business. The prospect of this pension will be a noble incentive to integrity and efficiency.

Lastly, we have to-day the secret of official ballot. This protects every employee in the freedom of his vote. He is not constrained to vote for the party in power in order to hold his place.

With a civil service like this there would not be the shadow of a charge of incompetency or corruption. Regulations even less complete render the fire service of American cities an enviable model. No one advocates a return to the days of private fire companies. With the public service conducted in like manner, all the advantages which I have sketched may be expected from public ownership of every public function. But without civil service reform it is better to go along as we are. The two must in truth come together. People will understand the need of the one as it comes with the other. And with public ownership of the monopolies, city government in America may be expected to take on generally a high plane of morals and efficiency. The best citizens would take greater interest than now. The poorer citizens would look upon themselves as sharers in the municipal prosperity. There would be no wealthy private corporations, dependent directly upon legislatures and councils, and compelled to resort to sinister influences. A new idea of what the city is for would become current, and with it a new kind of politics, a revived prosperity, and a happiness more widely diffused.

COOK'S "THE CORPORATION PROBLEM."

This book, written by W. W. Cook, of the New York bar, treats of the public phases of corporations, their uses, benefits, dangers, wealth and power and discusses the social and political questions to which they have given rise. The author acquired his knowledge in the course of preparation of a work on corporation law; nevertheless he is an antagonist of the corporations as the following extracts will show:

Cook, Corporation Problem, p. 200.

For the most part the natural monopolies of America have passed into the hands of corporations. The States legislatures and the municipalities have wasted and given away that which might have been of almost incalculable value of the public if properly preserved. Privileges and franchises which belonged to the people and which grow in value year by year have been given away to become the instruments of corporate greed and gain. And all this has been done, not from settled views of public policy, but quietly, without discussion and often by corruption of public officials.

During the past few years the fact has become clear to the public that natural monopolies are becoming exceedingly valuable. That which was granted to aid the growth of a city is now found to be an instrument of extortion and restriction. The wealth derived from the natural monopoly is used to prevent any competition whatsoever. The comfort, accommodation and rights of the public are disregarded. Hence it is that public opinion is at work demanding some relief. It is somewhat late to apply a remedy to the mistakes that have been made, but, nevertheless, several remedies have been proposed.

Taxation has been tried, but has not been a success. The most conspicuous failure of this method of preserving the public some part of the money value of the natural monopolies has been in the effort to collect license fees from street car lines. Generally these license fees were fairly respectable as originally fixed, but invariably, by methods well known to corporate officials, these licenses have been reduced by the city authorities and usually have disappeared altogether. . . . . .

The plan of compelling the companies to pay to the city a certain percentage of its gross receipts is an improvement on the license fee for each car. It is levied on the gross receipts, because, if levied on the net profits, the company might manage to defraud the city by paying high salaries and figuring out little or no profit. The tax on gross receipts may be levied not only on the gross receipts of street railways, but also on those of water works gas companies and other monopolies. Many of the States have statutes compelling railroads, street railroads, express companies, telephone and telegraph companies, and other quasi-public corporations, to pay to the State a certain percentage of their gross receipts. But there are fundamental defects in all of these statutes. They are difficult to enforce, because the companies conceal the full amount of their receipts. Not even the right of the State or city investigate the amount of receipts is sufficient to prevent these frauds. Moreover, the amount received in taxes is infinitesimal compared with the value of the natural monopoly itself.

And yet taxation is one method of redeeming for the public a small part of the value of the franchise which they have given away. But in order to accomplish this the present rate of taxation on corporations owning a natural monopoly will have to be greatly increased. A small tax may bring large returns, but it is trivial compared with the value of the franchise which produces it. Theoretically, the tax should take all of the annual income, except such as will pay the reasonable expenses of the corporation and a fair return on the cost of the plant. It is impossible now to levy such taxes on present monopolies, but it is possible to provide for the future ones. The present tendency of legislatures is to place all taxes on corporations. And so far as taxes are placed on corporations which own these natural monopolies, such a rule is right. The law allows the tax to be levied on the capital stock, on the dividends, on the the franchise, on the gross receipts, on the net receipts, on the cars, on the shares of stock, on the market value of the stock, or on the estimated value of the corporate property. Each of these methods of taxation has been tried with varying success. Most of them have had, and all of them should have, for their object the levying of a tax on the natural monopolities owned by the corporations. So far as these taxation statutes have applied to corporations doing a manufacturing, mercantile or similar business, they are unjust,

disastrous and indefensible, but so far as they form a part of the charters of the corporations operating a natural monopoly they are right and are to be commended. The day is not far distant when State and municipal taxes will be largely if not entirely defrayed by the taxes levied upon corporations owning natural monopolies. In Vermont for many years the railroads have paid all State taxes. In Wisconsin and Mississippi a similar plan is being adopted. The State of New Jersey also has recently modified her taxation statutes so that the corporations now pay practically all of the States taxes. Such also is the law in New Hampshire.

But taxation has failed to restore to the people a fair part of the annual income from the natural monopolies. Hence another remedy has been tried. In New York, in 1885, the bribery of the board of aldermen whereby the Broadway street railway franchise worth a million dollars, was obtained, led to a popular demand for a change in the laws. Accordingly the legislature enacted that thereafter all street railway franchises should be sold at public auction to the one who offered the highest percentage of the gross receipts. This statute has checked the building of lines, yet it has led to some suprising results. At one sale the successful bidder was obliged to give 26½ per cent. of the gross annual receipts to the city in order to get the franchise, and in another sale 35 per cent. was the price at which the franchise was sold. It is safe to say that if this statute had been passed fifty years ago and had applied to all franchises which involve a natural monopoly, the city of New York would be free from debt to-day and the greater part of the expense of governing the city, which is now upwards of thirty millions of dollars annually, would be met by the income from these natural monopolies. The present enormous tax of about 2 per cent. on all taxable property in that city would not be levied.

But there is an improvement which should be added even to this plan of a public sale of the franchises. The sale should be for a specified number of years only—ten, fifteen, twenty or twenty-five. At the end of that length of time it should be provided that the city be allowed to purchase the property at the actual cost of replacing the plant, or the franchise should be again sold at public auction, the purchaser to purchase the old property at the actual cost of reproduction. Such is practically the plan adopted in Louisiana, England, and Canada.

But the most effectual remedy is that each city shall own all of the street railways, water works, gas works, electric lights, telegraph and telephone lines, wharves and ferries within its limits. This plan is that each city shall own them, not necessarily for the purpose of operating them, but for leasing them on short periods of time. In Europe such a mode of owning natural monopolies has gone much farther than in America. There are comparatively few of the American cities which own their gas works and none at all which own their street car lines. New York City owns its water works and most of the ferry privileges and is acquiring the wharves. It leases a part of the ferry privileges. But for the most part the natural monopolies of the city are owned absolutely by corporations. And, indeed, in all American cities this private ownership has gone to such an extent that the most advanced and vigorous thinkers and political economists of the times are steadfastly advocating city ownership of all natural monopolies within city limits.

In regard to this movement Professor Warner says:

The example set by Birmingham, England, in the way of city ownership and operation of natural monopolies, is a remarkable instance of what a city is capable of. The city has recently acquired nearly all of the natural monopolies within its limits. The two gas monopolies, which had supplied the citizens with an inferior and costly article, were bought of existence and consolidated into a department of the city council. The profits to the city are about $100,000 a year, although the price charged is 62 and 58 cents per thousand. The water works are owned by the city. The street railways are *leased by the city* to corporations. The city lays down the tracks, keeps them in repair

and the corporations pay a mileage rent. Overcrowding is illegal and fines are imposed for violations.

And yet there are grave objections to all this. It may be true that if these natural monopolies were owned by the cities the people would get the income therefrom; that the service would be better, that is would be cheaper, that more improvements would be made, and that less controversies between the corporations and the people would exist. It may be true that the income from the natural monopolies would pay municipal debts, pay the annual expenses of local government, build great public improvements and reduce the rates charged for service to the public.

Notwithstanding that the thoughtful citizen has doubts about the expediency of such a course. The making or saving of money is not the chief aim or end for which the government is given power by the governed. The argument against the centralization of power in government is not applicable here, because the power here considered is that of the municipality, and such government never has and probably never will be too greatly centralized. But the objection is that such bureaucratic and paternal system government, even of local government, would teach the American people to look to and depend upon government for the transaction and regulation of business. Worse than this, the municipal governments, even now, with their limited power and patronage, are spectacles of unmitigated corruption and mismanagement, and it seems impossible to wrest them from lawless bands of politicians. If the cities acquired all the natural monopolies, these too would become subjects of plunder. A city government would then become the El Dorado of political freebooters and mountebanks.

MONOPOLIES AND THE PEOPLE.

One of the most thorough books on the subject of quasi-public monopolies is that with the above title, written by C. W. Baker, editor of The Engineering News of New York, the third edition of which is dated 1900. This book discusses the question of monopolies from all points of view. The author's conclusions are embodied in the following extract:

Baker, Monopolies and the People, pp. 345-6.

It will be apparent from the preceding discussion that the author is in hearty sympathy with the present strong movement, world-wide in its extent, toward the municipal ownership and operation of what he has termed municipal monopolies. Yet he is no stickler for this as a panacea for all ills, or as the only mode of securing efficient and economical public service. It is entirely possible to secure good results by municipal ownership of a plant which is leased for operation to a private company; or even by granting a franchise permitting a company to construct, own and operate works. Local circumstances may make any of these three alternatives preferable. Incompetent and dishonest municipal officials can bring grevious burdens upon the people under any of these systems, and able and upright officials can reduce these burdens to their lowest limits. Nevertheless, experience does show that municipal ownership brings, on the whole, the best results to the people at the least cost, and the movement in this direction is, therefore, deserving of earnest support.

The author takes this position with the most thorough realization of all the defects of city government and the difficulties in the way of bettering it. He is familiar with every aspect of this argument against municipal ownership, and he favors it, notwithstanding this argument because he has become convinced that municipal ownership will tend toward the improvement rather than the injury of municipal government.

We cannot turn the wheel of human progress backward. "That government is best which governs least," was enunciated in a different world from that in which we live today. The force of events compels cities and States to concern themselves with industry

to a greater and greater degree, whether they will or not. We have tried the plan of farming out municipal monopolies to private companies, and the result has been in too many cases corruption of municipal government, inefficient service and charges to the people enormously exorbitant. Municipal ownership, with all the defects and failures which will undoubtedly accompany it, cannot make conditions worse than at present. The experience already accumulated indicates that it can make them better. For these reasons, then, the movement toward municipal ownership rests on a sound basis, and deserves the cordial support of every friend of social progress.

"MUNICIPAL TRADE," BY MAJOR LEONARD DARWIN.

This, published in October, 1903, is the latest important work on the subject. The author is well known from his writings on economic subjects, the principal of which has been his book on Bimetallism. The tone of his writings on Municipal Trade is moderate, and his general conclusion is fairly midway between the extremes. From the extracts given below it will be seen that he looks to the injection into the English municipal law of certain features with which we are already quite familiar, such as limitation of debt and taxpayers' veto, to effect great reforms. He says:

Darwin's Municipal Trade, pp. 430-452.

(1) The main arguments for and against Municipal Trade, which have been discussed in the foregoing pages, may be very briefly summarized as follows:—The arguments against Municipal Trade are that it greatly increases the danger of municipal corruption; that it diminishes competition and checks commercial progress; that it makes Town Councils less able to perform their normal duties efficiently; that the enterprises selected will be intrinsically less remunerative than if the selection had been left to private hands; that the management will be more costly; and that it practically places in the hands of some local authorities, and not of others, the power of indirect taxation on certain goods. The following arguments in favor of Municipal Trade were also considered: First amongst these arguments was that founded on the undoubted fact that the workmen employed by municipalities received better treatment than if the work had remained under private proprietors; but it appeared that this argument could not be sustained, because the State is not justified in selecting a special class on which to bestow special favors at the expense of the remainder. The second argument in favor of Municipal Trade was that prices would thus be reduced, or that a profit available for the relief of taxation would thus be made; but the available information indicates that remunerative undertakings, if leased to private companies, would be a source of revenue to municipalities, and many circumstances make it probable that the more industry is left in private hands, the more rapid will be industrial progress; whereas statistics indicate that any further municipal expenditure on remunerative undertakings will result in an immediate increase of local taxation, and, as to the ultimate consequences, and merging together the interests of the consumers and the ratepayers of the past, present and future, a priori reasoning renders it probable that the community will neither gain nor lose materially as the result of the municipal management of monopolies; and, for the foregoing reasons, it would therefore be most unwise to base our policy for the future on the hope of any financial benefits to either consumers or ratepayers from Municipal Trade. Even if the statistical results of Municipal Trade in the past should prove on further investigation to be more hopeful than is here indicated, it must be remembered that this experience is somewhat scanty. To quote a parallel case, if a landlord were to raise a loan by a mortgage on his land, and were to invest the proceeds in half a dozen commercial enterprises, to show that he had made a net profit during the first thirty or forty years of his speculation could not be taken as a proof that it would be wise to follow his example; because, as a general rule, in the absence

of special opportunities, and taking losses into account, the gross profits thus made are likely to be no greater than the interest payable on the debts incurred. The last and far the most important argument in favor of Municipal Trade is that councillors, unlike directors, will not be guided by profit alone, and will, therefore, be more prompt to remedy grievances involving expenditure, and will be ready to undertake various services necessary for the health, the morals, and the general convenience of the community, which are not sufficiently remunerative to tempt private proprietors to undertake them. Though this argument may be unanswerable in the case of some of the trades tending to become monopolies, it has little weight in the case of competitive industries, provided they are uninjurious; because Municipal Trade gives no valuable safeguards to consumers who already possess the power of changing the sources of supply.

(2) As rgards ordinary competitive trades, the case for Municipal Trade in fact breaks down utterly; whereas, with regard to monopolies, this cannot be said to be the case. If a company obtains such a power as that of breaking up the streets, it may thus acquire a practical monopoly of the sale of certain commodities; and in such cases it is essential that the State should exercise a certain control over the industry, and should regulate prices within certain limits. This necessary control brings with it some of the evils of Municipal Trade, the greater the control the greater being the attendant disadvantages, though, of course, the greater the power of safeguarding the consumer. The balance of advantage and disadvantage may therefore be far more even in the case of trades tending to become monopolies, and the decision far more difficult to make. If the monopoly be allowed to remain in private hands, how much will the citizen be inconvenienced, and how well can the consumer be protected by the State? And can and should the ratepayer or the consumer be made to share with the shareholder in the advantages arising from the growth of the town and from economic management? On the other hand, if an industry be transferred to a local authority, will the consumer be as well supplied, and will local taxation thus be increased or diminished? These are the main questions which should be considered with regard to each separate industry before it is handed over to municipal management. As regards the question of convenience, it was seen that it might be right for the care of the surface of the streets to be entirely in the hands of the local authorities; but that such an admission did not carry with it the conclusion that tramways, or other works built on municipal property, should therefore be managed by a local governing body.

(3) The foregoing being the main arguments for and against Municipal Trade, the logical way to attack the problem under consideration is to take each enterprise, the municipalization of which has been undertaken or suggested; to weigh carefully all these arguments as they are applicable to each one separately; and then to decide in which cases municipal enterprise is on the whole advantageous. In proportion as the possibility of competition is greater, in proportion as the number of workmen employed is greater, in proportion as the risk involved is greater, in proportion as the demand for the commodity supplied is less universal, and in proportion as the business is more difficult to manage, in proportion to each of these varying circumstances must be the case in favor of municipalization be stronger before such a step can be held to be advisable. But besides such general considerations as these, many special circumstances connected with different localities at different times may have to be taken into account; such as the size of towns, and the local aptitude for self-government; though, since changeable factors should not weigh too much in making decisions difficult to retract, these points are generally of less importance. Everyone who makes such an enquiry must come to the conclusion that some enterprises, whether they be called trades or not, are best

managed by local elected bodies, whilst others are not. Great diversity will, however, naturally exist as to the exact place at which the line should be drawn. Pending further enquiry, I myself am disposed to say that markets, public baths, slaughter-houses, and cemeteries had better not be in private hands; that water supply should generally be municipalized; that harbors should often be managed by local authorities, or by specially constituted bodies; that there is much to be said in favor of tramway tracks being owned and repaired by municipalities; but that, as a rule, private trade is preferable for telephones, gas works, electrical works, tramways, and, without doubt, for all truly competitive trades, the case against Municipal Trade being weakest in the first-mentioned services. As regards telephones, gas and electrical works, if once municipalized it might not be wise to transfer them to private hands.

(4) After separating the enterprises under consideration into these two great classes—those which it is right to place under the control of public bodies, and those which it is not—we should naturally wish to discover some formula by which to distinguish the two; a formula by which we could in future decide at once whether any particular enterprise should or should not be municipalized. With regret I must confess that I have found it impossible to discover any such general guiding principle. Water-supply is worked by private companies for a profit on purely commercial principles; and, if we once admit, as I do, that it may often be right to municipalize it, we shall find it very hard to discover any simple form of words which will cover this action, and yet condemn the municipalization of other commercial ventures which ought to remain in private hands. Each case must be judged separately by the way in which the balance will turn when the scales are loaded with all the conflicting arguments, there being no royal road to a simple solution of the problem.

(5) But here it should be observed that there are two distinct questions to be considered; questions which are often somewhat confused one with the other, especially by Members of Parliament. What trades should Parliament permit municipalities to manage? What works, within the powers thus granted, would municipalities wisely undertake? The action of Parliament must be governed to a great extent by rules and precedents; and the character of towns differs so widely that no rule could be framed which would be suitable to all, and precedents established in one case are, therefore, often bad guides for other localities. Parliament is not so well able to consider all the local conditions as are the local authorities on the spot, and Parliament, therefore, ought, in many cases, to leave to the municipalities concerned the decision as to what is right or wrong. Such a trust in local authorities is in accordance with our constitution and with the spirit of the people. But Parliament should forbid the municipalization of any industry when it is held that such municipalization would be wrong in all places and in all circumstances; and I should, therefore, wish to see the municipalization of all truly competitive industries, such as the manufacture of electrical fittings, for example, definitely prohibited by Parliament. An exception to this rule is probably necessary in the case of the manufacture of residual products, when such manufacture is essential for the economic working of some monopoly; but by any such extension of municipal management into competitive fields should be jealously watched. As to gas works, electric works, and tramways, many Members of Parliament may feel as I do, that, though they would prefer to see these services remain in private hands, yet they are not now prepared to declare that in no circumstances whatever should these industries be managed by representative bodies, and they would be still less prepared to cancel any such rights of management as have now been granted. Moreover, if existing municipal gas works are to be allowed to remain as at present, the political difficulty of refusing to grant the right to other municipal governments to manage similar works cannot be *ignored*. Parliament cannot, in fact, be expected to draw a much more rigid line than

present with regard to the monopolies already frequently entrusted to local authorities. But any precedent set with regard to competitive trade should not, I hold, be allowed to carry any weight. For example, the provisions in Acts of Parliament which permit municipalities to own houses and actually to build them—that is, without the employment of a contractor—should be repealed; though I have little hope of Parliament taking so bold a step. In fact, as to the limitation of municipal trading, Parliamentary reform must, for the most part, consist in changes in standing orders, in the establishment of new precedents, and in the ignoring of certain old ones.

With regard to the second of these two questions, if Parliament leaves the decision on many points in the hands of Local Authorities, it follows that these local authorities must often be enabled to do things which they had better not do. No objection to the existing system should, however, be raised on this ground only; for it is the inevitable result of any wise devolution of powers and duties. It would, no doubt, be advantageous if a rule could be devised which would serve as a guide to municipalities in deciding what enterprise should be undertaken; but I can suggest none, and all that have been suggested by others appear to me to break down on careful examination. It is, therefore, consolatory to think that no such rule, could one be devised, would be as useful as would at first sight appear probable. If we tell the advocate of municipal enterprise that the establishment of municipal electrical works, for example, is against our formula, whatever it may be, he will simply tell us that the formula must be altered. We will not be stopped from doing something he thinks beneficial by any such intangible barrier as a rule or principle. Our task must always be to convince him that the proposal is really injurious when it is so, and this can only be done by proving to him that the advantages are outweighed by the disadvantages in the particular industry under consideration.

(7) But even if we agree that Parliament is wise in trusting municipalities with wide powers, and, even if we cannot formulate any guiding rule as to the proper limits of municipal trading, we may, nevertheless, feel convinced that local authorities have gone too far in this direction, and they are showing every disposition to advance still further. This certainly is my conviction, and in these circumstances I hold that we might to consider very carefully whether a brake cannot be applied in order to put some check on this movement, and to keep municipal adventure in the future within reasonable limits. There are two kinds of precautions which might be adopted. We may make changes, or adopt economic safeguards, which are intrinsically desirable, or we may introduce what may be described as political checks; that is, arrangements which are devised to secure a desired end, but which are not in themselves intrinsically beneficial. In the preceding chapters these political possibilities have received but little consideration; our attention having been confined mainly to desirable economic safeguards. These safeguards against unwise municipal trading, which have already been discussed, will first be briefly epitomised.

(8) First amongst these checks I would place certain legislative reforms affecting private trade; and, before recapitulating my suggestions, it may be as well to point out why this question is in danger of being considered in a one-sided fashion. Before Committees of enquiry, and all conferences, the witnesses and speakers consist mainly of two classes; that is, they are either advocates of Municipal Trade, or they are persons interested in the promotion of private trade. The views of both these parties have often been admirably expressed. But is there not another great class to be consulted? Surely the consumer, or the ordinary citizen, ought to have a say in the matter; and yet his voice is generally silent. It is his views that I have in this volume tried to enunciate. One of the sentiments that tells most strongly in favor of Municipal Trade with the mass of the people is the belief that the consumer will get his grievances more

readily attended to if a trade is managed by an elected body than if it is owned by a private proprietor. Though the great companies who manage our gas and waterworks have, on the whole, served the community very well, yet there is a certain foundation for these complaints; and that foundation we ought to remove. When we are granting to private traders valuable rights connected with the use of our streets, would it not be wise to retain the full right to remedy all the reasonable grievances of the future consumers of the commodities thus to be supplied? Yet as regards any minor grievances against gas, electrical, or other such companies, the ordinary citizen is now in a position of great helplessness. By increasing the control over private monopolies we are no doubt running into many of the dangers attached to municipal trading. But the dangers of controlling private enterprise, though very real, are much less than the dangers of Municipal Trade; and as the choice lies between the two, by all means let us have controlled private trade. At present sufficient attention is not paid to the complaints of citizens against private proprietors; and until we do attend more to such grievances, even if many of them are unreasonable, it cannot be said that we are doing our best to stem the advancing tide of municipal enterprise.

(9) Reforms should, therefore, undoubtedly be made in the legislation affecting private trade with the object, not only of freeing it from undesirable restriction, but also of adding desirable restrictions. The exact steps to be taken are, no doubt, open to serious question. My suggestions includes changes with regard to concessions, which should be granted without a named limit of years, but including the right of purchase by local authorities at all times on such terms as will not throttle private enterprise; restrictions on the power of veto on private enterprise now exercised by municipalities; wide powers of inspection by municipalities of all the affairs of companies receiving such municipal concessions; and the appointment of an independent and technical commission to decide any questions that may arise between the local authorities who represent the citizens and the companies managing monopolies in their districts. Until some reforms such as these have been adopted, Municipal Trade will present many advantages to which it has no exclusive right.

(10) As regards the political checks which have been suggested with the object of clipping the wings of municipalities, the two most important proposals are the limitation of municipal debts and the prohibition of profits in municipal trades. As to the former, municipal debt limit clauses in some form or other have been inserted in nearly every State constitution adopted in the United States during the last half century; the limitation imposed on municipalities as to their indebtedness ranging between 2 and 10 per cent. of the assessed value of property returned for taxation. These limitations appear to have been introduced in order to check grants in aid to companies rather than to check municipal trading in the ordinary sense. In England debt limitation should be discussed with reference rather to municipal extravagance than to Municipal Trade; and in that connection the question is a most important one. As to municipal trading debts, the importance of the available assets cannot be ignored; for, though further enquiry is greatly needed, and though in some cases the assets are certainly not sufficient to cover the debts incurred, yet there is no reason to suppose that, as regards the more definitely trading enterprises, the assets are not, on the average, of more value than the outstanding debts. The fact that considerable sums have already been redeemed renders this result probable. From the financial point of view there is however, one serious danger connected with Municipal Trade which must ever be kept in view; and against this danger a debt limitation clause would be very valuable. If, in any town municipal trading has been largely undertaken, and if for any cause the population begins to decline before the debts thus incurred have been redeem-

l to any material extent, the result must be a reduction in municipal profits and an in-ease in local taxation. And the serious aspect of the case is that, in these circum-ances taxation is likely to go on increasing at a geometrical ratio; for the desire of e inhabitants to leave the neighborhood will increase with every increase of taxation; id the burden of taxation will increase with every new departure of inhabitants. here are in these circumstances every condition necessary to produce commercial dis-ter and municipal bankruptcy.

(11) But there are certain objections to municipal debt limitations which must be erlooked. In the first place, where municipal trading is popular, such a limitation of orrowing powers might induce local authorities to neglect some of their primary func-ons; unless, indeed, a separate limitation could be placed on municipal trading debts, hich would be difficult. Then, again, it must be remembered that limitations have a ndency to stimulate an advance up to the limit imposed; and it might well be that me municipalities, by being induced to borrow up to the limit, would become more in-ebted than if no such limitation had existed. It would be difficult to devise a rule hich would vary with the existing state of indebtedness of each town; and, if so, it llows that in England the limitation imposed would have to be a very wide one, and at it would only come into operation in extreme cases. Considering these objections, id how difficult it would be to induce Parliament to take such an unpopular step, I am ot yet convinced that it would be wise at present to agitate in favor of this reform.

(12) A check on the increase of municipal indebtedness which would in my opinion e more effective on the whole, and certainly more easy of introduction, would be to ve the citizens in all localities a direct veto on the raising of loans. This might be ne by enacting that, before any local authority could acquire the right to raise any ew loan, a vote should be taken, voting papers being sent to all voters by post, to-ether with a statement as to the amount of the loan and its objects. Some means ight have to be devised for exempting small loans from the operation of such a law. dvantage might also be taken of such a proposal to strengthen the hands of the Local overnment Board; for it might be enacted that their inspector's report should al-ays accompany the voting paper. A project unfavorably reported on by such an in-ependent authority would in many cases be rejected; for citizens are generally less vorably disposed towards municipal trading projects than councillors, and many enter-ises would never be undertaken but for the apathy of the voters in expressing their inions. Such a reference would not be opposed to liberal principles, and it would be valuable safeguard against municipal extravagance in all its forms.

(13) Passing on to the second of the above mentioned means of checking municipal lventure, namely, the prohibition of profit-making in municipal trades, it appears that any local authorities are unduly tempted by the hope of reducing taxation, and that is hope affords the advocates of municipal trade a cogent argument in its favor. This bject has already been partially discussed in Chapter XII., where it appeared that is proposal is open to serious economic objections, at all events as regards trades with bts partially or wholly redeemed; that it would be difficult to inforce, because of the fficulty of giving a definition of the profit to be prohibited, and because of the minute spection, which would be necessary to prevent such an enactment from being evaded; id that too low prices, and consequently small or no profits, are likely to be a far more al danger than too high prices and excessive profits. As to the last mentioned point, is true that, when but a small fraction of the voters are supplied by a municipal manu-ctory, the local authority will be under some temptation to raise prices and thus make rge profits for the benefit of the more numerous body of uneffected voters. But such temptation ought seldom to benefit; for such trades should seldom be municipalized. loreover, if local authorities were forced to carry on their enterprises without making

a profit, it would not lessen the disadvantages arising from such trading operations; in fact, it might increase them somewhat. The compulsory absorption of profits would probably be partially effected by a further increase in the pay of municipal workmen, or by a reduction in municipal rents; and the tendency to municipal corruption would thus become even more formidable. If, on the other hand, the profits had to be absorbed by a reduction in prices, the interference with private trades would become even more harmful than it is at present; because this would be equivalent to municipalities not only being enabled but obliged, when their trading debts were redeemed, to spend their interest on their accumulated savings in giving bounties to the consumers of goods produced by their own manufactories. The prohibition of profit is, therefore, intended to defeat an argument rather than to cure an evil; and, if it does not defeat the argument, the evil may thus be increased. This will be seen to be a serious objection to this proposal, when it is remembered that the prohibition of profits in Scotland has had little tendency to prevent municipal trading. Lastly, it is impossible to ignore the keen opposition which would be aroused by any attempt to force great cities like Birmingham and Manchester to forego the large profits they are now making and to increase local taxation to a like amount. For all these reasons, the legal prohibition of profit-making would, in my opinion, be unadvisable. But the hope of making a profit is, no doubt, one of the main objects which many advocates of municipal trading have in view; and as municipal enterprises should not be undertaken with this object, it would, without doubt, be advantageous to lessen this temptation. This proposal, which is supported by very high authorities, and any other proposal aiming at the same results, should, therefore, undoubtedly receive the most careful attention.

(14) Several important reforms in the English Local Government suffrage laws are needed; but they are, for the most part, more relevant to the question of extravagance than to the question of municipal trade; they will be but briefly discussed here. There are, I believe, millions of English voters who pay no rates, and who do not perceive that their rents are affected by any increase or decrease in the rates falling on their landlords. Rents may not be immediately or uniformly affected by rates, but on the average and in the long run it may truly be said that rentpayers are also ratepayers. It is of vital importance that this fact should be recognized; and it would be most beneficial if either all tenants were made to pay the rate themselves, or if in some other way all voters were made to feel that they are in effect ratepayers. No other step would have such an effect in tending to produce municipal economy. Unfortunately it has been stated on the highest authority that, as to rates, "It is generally agreed that the practical difficulties of collecting and enforcing payment from the large numbers of the poorest classes in the large towns who are weekly tenants and frequently moving from one tenement to another, are insuperable"; though why this statement should be made, considering that the unrated householder does not exist in Scotland, I do not know. The number of unrated voters might, at all events, be diminished. But, whether any such change would greatly lessen municipal trade may be doubtful, a doubt which experience in Scotland tends to confirm. Municipal trades are generally initiated in periods of municipal energy, and, consequently, of municipal efficiency; and it will not be until this efficiency wanes, or until unforeseen changes take place in any of the main conditions affecting the trades undertaken, that the shoe will begin to pinch and the voter will begin to be influenced by a trade loss and by a consequent increase of taxation. It will then generally be too late to retrieve the initial mistake. But, as a means of drawing the attention of voters to all matters affecting or possibly affecting local taxation, the abolition of the compounding system would be invaluable. I much fear, however, that we shall have to wait a long time before this reform is taken in hand; for, even if practicable, the political forces opposed to it are very strong.

(15) Another very difficult question, and one more relevant to municipal trade, is that connected with the rating of the property of companies. The "liberal" principle of taxation going hand-in-hand with representation is entirely overlooked in the case of shareholders; for they are in effect ratepayers who have no voice whatever in the imposition of local taxation or in the expenditure of the revenue thus raised. The importance of this question may be illustrated by the single fact that one great London railway company now pays close on £200,000 a year in rates alone, and that this amount represents an increase of more than 150 per cent. on what it was twenty years ago. But, though it is easy to state the grievance, it is difficult to suggest a remedy. The arguments in favor of giving to one man one vote whether he contributes little or much towards the national expenditure, depend on the fact that all men have an equal right to demand justice, and that the poor man needs protection and attention more than the rich. Bearing this in mind, it would be hard to defend giving to the nominee of a company the right to vote in proportion to the rates paid by that company. In a parish where a railway company pays "practically the whole of the local rates," and where, as would most frequently be the case, there is not a single resident shareholder, any attempt at progress in education, sanitation, or recreation would be brought to a standstill by such a system; for shareholders would naturally instruct their nominees to oppose all rates for which they received no equivalent benefit. If the company's nominee were empowered to vote, but not in full proportion to the rates paid by the company, the same evil effects would still be felt in extreme cases, whilst the shareholders would still have a grievance at not being fully represented. Moreover, any such reform would probably necessitate a very serious modification of our whole voting system in order to enable companies to vote in proportion to the rates paid by them. All this is true till we come to consider the case in connection with rating for municipal trading purposes, when the matter bears a very different aspect. Here is the rich man who needs protection because of his riches. Even as regards the question of justice, how is it possible to defend the imposition of taxation or even of a liability to taxation on unrepresented shareholders in order to facilitate the establishment of a rival to themselves in trade, which may be the case when a railway company is forced to pay rates to local authorities who are initiating tramway enterprises? How is it possible to defend the power which local authorities have of paying their workmen a higher rate of wages than those paid by companies who are forced to supply the necessary funds without such companies having any effective means of protesting? On the other hand, if companies were given voting powers, they would by no means be opposed to enterprises which would either diminish taxation or increase the value of property. There is, in fact, no reason why shareholders should not be granted voting powers in proportion to the rates paid if municipal trade alone had to be considered; and the logical thing to do would be to establish a separate elected body for the management of such enterprises, the number of votes given by each voter being solely based on the amount of the rates paid by him. Without doubt, moreover, we should in this way check the tendency to undertake unwise trading enterprises, and create a body more fit to manage such industries as were municipalized. There would be a difficulty in deciding which of the remunerative undertakings should be managed by this specially elected body, and the multiplication of elected bodies is always somewhat objectionable; but the main difficulty in the way of this proposal is a purely political one, namely, the fierce opposition it would call forth.

(16) Thus far we have been occupied in considering reforms undertaken mainly with the definite object of preventing municipalities from undertaking trades unless the case in favor of such trading is well established. But municipal trades will be undertaken both wisely and unwisely, and reforms ought to be introduced with the object of

minimizing the harmful effects of such enterprises. All my suggestions on this point have already been discussed, including the more rapid redemption of debts when profits are being made ; the abolition of preferential charges ; the introduction of a Government audit ; the more rigid enforcement of the laws as to municipal expenditure ; a referendum of local loans, and the separate enfranchisement of municipal workmen. Reforms of this nature are, in my opinion, desirable ; though of these only the last mentioned would very materially lessen the objections to municipal trade.

(17) Thus the reforms here suggested have three distinct objects in view : the rendering of the management of monopolies by private proprietors more suitable to the needs of the community ; the prevention of municipal trade when it would be undesirable ; and the lessening of the disadvantages attending municipal trade when it is undertaken. Other reforms than those here suggested should, no doubt, be taken into consideration; such, for example, as reforms in the methods of assessment ; an increased control by local authorities over expenditure either by the formation of finance committees with statutory powers or by other means ; and changes in Parliamentary procedure in the direction of increasing the facilities given to private individuals or associations in opposing bills introduced by corporations. My list is, without doubt, defective and incomplete, but it certainly proves the necessity for an immediate and thorough consideration by the Legislature of the whole question of municipal trade.

(18) There are, unfortunately, at present many influences antagonistic to a rational treatment of this subject. In the early part of last century economists and liberal statesmen were in all probability too much imbued with the ideas of individualism ; but at the present time the pendulum has swung too much in the opposite direction. Local authorities in England are, on the whole, admirable bodies, and councillors deserve the highest praise for the immense amount of voluntary work undertaken by them. I am the very last person to wish either to lessen their reputation or to curtail their powers of administration. But they, like their fellow-countrymen generally, have gone too far in certain directions in their acceptance of Socialist ideas. The "true reasons in favor of leaving" to voluntary associations all such things as they "are competent to perform would exist in equal strength if it were certain that the work itself would be as well or better done by public officers." These reasons are : "The mischief of overloading the chief functionaries of government with demands on their attention, and diverting them from duties which they alone can discharge, to objects which can be sufficiently well attained without them ; the danger of unnecessarily swelling the direct power and indirect influence of government, and multiplying occasions of collision between its agents and private citizens ; and the inexpediency of concentrating in a dominant bureaucracy all the skill and experience in the management of large interests, and all the power of organized action, existing in the community; a practice which keeps the citizens in a relation to the government like that of children to their guardians, and is a main cause of the inferior capacity for political life which has hitherto characterized the over-governed countries of the continent, whether with or without the forms of representative government." The lesson thus stated by Mill as regards the central government has been forgotten, and must be learned again by municipalities as regards local government, if they are to travel on the path along which progress can best be made.

(19) Reform is much needed ; but is even more necessary than legislative reform is an awakening of public interest in municipal questions. A minority of the citizens in most towns are so active that they somewhat hide the great apathy of the majority. I should have no fears as to the future of municipal enterprise in England if Englishmen generally would form their own independent opinions, whatever they might be, and would take the trouble to express them at the polls. Everyone who endeavors to bring about this desirable end is doing good service for his country.

REPRODUCTIVE UNDERTAKINGS

OF

ONTARIO MUNICIPALITIES.

RETURNS MADE BY MUNICIPAL OFFICIALS TO AN ORDER OF THE LEGISLATIVE ASSEMBLY OF 12 JUNE, 1903.

Extract from Journals of the Legislative Assembly, 12 June, 1903.

On motion of Mr. Preston (Brant), seconded by Mr. Richardson.

Ordered, That there be laid before this House a Return,—similar to that ordered by the British House of Commons on the 25th day of June, 1902, of reproductive undertakings operated by Municipal Boroughs in Great Britain—respecting waterworks, electric lighting plants, gas works and other public utilities operated by Municipalities in the Province of Ontario, also, of the rates charged the consumers in the various Municipalities of the Province for water, gas and electric lighting.

It has been thought advisable to append to the foregoing extracts from the literature on Municipal Trading, the returns made by the Ontario municipal officials to the Order of the House requiring information concerning the extent to which Municipal Trading and Ownership has been developed in this Province. Owing to the failure of a few municipal officers to comply with the Order, the returns here presented are not quite complete. It is expected that all the imperfections will have been remedied before the next meeting of the Legislature when the Return will be presented to the House in accordance with the Order.

RETURN RELATING TO MUNICIPAL CORPORATIONS (REPRODUCTIVE UNDERTAKINGS) 1898 to 1902.

	Names of Municipalities and description of undertakings. (1)	Date when Corporation commenced working. (2)	Capital. (Position on the 31st December, 1902.) Total capital (inclusive of borrowed capital) provided by Corporation. (3)	Amount of capital borrowed. (4)	Amount of capital borrowed which has been paid off. (5)	Balance of capital borrowed which was outstanding at 31st December, 1902. (6)	Amount in Sinking Fund or Loans Fund on 31st December, 1902, in respect of capital borrowed. (7)	Average annual Income. Transferred to the account of the Undertaking from other accounts for products of the Undertaking used by Corporation. (8)	Other receipts excluding deficiencies made good out of taxes. (9)	Total of sums in Col's. 8 and 9. (10)
			$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.
1	Belleville—Waterworks	1899	193,111 39	192,000 00	.....	192,000 00	6,776 16	7,100 00	9,400 00	16,500 00
2	Brantford—Waterworks	.....	334,000 00	334,000 00	.....	334,000 00	82,928 79	13,719 84	19,019 53	32,739 37
3	Chatham—Waterworks	1896	192,421 07	175,000 00	23,967 97	151,032 03	.....	5,032 50	11,819 77	16,852 27
4	" —Electric lighting	1897	16 000 00	15,000 00	4,500 00	10,500 00	.....	.....	.....	.....
5	Guelph—Waterworks	1880	151,100 00	115,000 00	99,000 00	52,100 00	.....	.....	15,600 00	.....
6	Hamilton—Waterworks	1861	2,006,849 00	1,134,400 00	29,084 00	1,105,316 00	155,613 00	1,800 00	181,824 00	183,624 00
7	Kingston—Waterworks	1887	348,800 75	317,299 99	60,299 99	257,000 00	.....	938 75	30,041 74	30,980 49
8	London—Waterworks	1878	898,135 77	799,628 94	.....	799,628 94	20,908 25	15,647 25	76,754 82	92,027 07
9	Ottawa—Waterworks	1874	2,000,000 00	1,524,584 00	.....	1,524 584 00	616,000 00	.....	.....	{ Revenue, 155,000 00
10	St. Catharines—Waterworks	1876	.....	305,000 00	.....	305,000 00	17,167 41	.....	.....	25,903 66
11	" —Gas Co. Stock	1853	.....	26,000 00	.....	.....	.....	.....	.....	2,189 00
12	St. Thomas—Waterworks	1892	125,000 00	125,000 00	18,160 34	106,839 66	.....	.....	20,726 84	20,726 84
13	Toronto—Waterworks	1871-1877 by Commission, 1878-1902 by Municipality	4,171,151 54	3,895,094 32	190,000 00	3,895,094 32	635,322 88	54,558 13	325,284 37	379,284 50
14	Windsor—Waterworks	1872	316,284 00	316,284 00	151,120 58	165,163 42	.....	6,650 00	30,307 00	36,957 00
15	" —Electric lighting	1891	25,578 19	15,000 00	.....	7,352 89	7,647 11	.....	.....	.....
16	Woodstock—Waterworks	1890	171,575 45	146,154 13	.....	146,154 13	18,411 40	1,734 42	11,426 24	13,160 66
17	" —Electric lighting	1901	40,000 00	40,000 00	.....	40,000 00	2,158 78	4,000 00	3,613 62	7,613 62
18	Alliston—Waterworks	1893	19,000 00	19,000 00	9,000 00	10,000 00	.....	10 00	166 24	176 24
19	Almonte—Electric lighting	1901	30,000 00	30,000 00	.....	30,000 00	1,279 71	1,200 00	4,800 00	6,000 00
20	Amherstburg—Waterworks	1890	26,000 00	26,000 00	7,532 27	26,467 73	.....	.....	3,100 00	3,100 00

	Annual Income. (Average for the period of four years ended 31st December, 1902, or, if the Undertakings commenced during that period from date of commencement.)									
	Average annual working expenses. (11)	Difference between average annual income (Col. 10) and average annual working expenses (Col. 11). (12)	Average annual amount paid in respect of principal and interest on capital borrowed. Repayments of principal. (13)	Payments of interest. (14)	Average annual amount set apart for depreciation. (15)	Total of sums in Cols. 11, 13, 14, and 15. (16)	Average annual net profit or loss. Amount by which total in Col. 10 exceeds total in Col. 16. (17)	Average annual net profit or loss. Amount by which total in Col. 16 exceeds total in Col. 10. (18)	Mode in which average annual net profit (Col. 17) has been applied, or net loss (Col. 18) has been met. (19)	Average annual amount (if any) of general, legal and other expenditures of corporation charged to undertaking and included in Col. 16. [(20)]
	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.		$ c.
1	6,000 00	10,500 00	.....	7,684 00	.....	13,684 00	2,816 00	.....	.....	.....
2	9,094 86	23,644 51	.....	12,450 00	.....	21,544 86	11,194 51	.....	Into general funds	.....
3	6,958 99	9,893 28	3,423 13	6,336 29	698 69	17,397 10	.....	544 83	Out of general funds.....	17 47
4	3,947 39	.....	3,211 63	3,707 21	.....	10,866 23	.....	.....	.....	.....
5	6,950 00	8,650 00	.....	.....	.....	.....	.....	.....	.....	.....
6	48,886 00	134,738 00	.....	63,768 00	.....	112,654 00	70,970 00	.....	Into general funds.....	.....
7	10,773 95	20,206 54	5,500 00	12,020 64	.....	28,294 59	2,685 90	.....	In extending works.....	100 00
8	26,089 80	65,937 27	9,626 85	29,790 83	.....	65,507 48	26,519 59	.....	.....	.....
9	40,500 00	114,500 00	20,185 00	79,800 00	.....	139,985 00	15,015 00	.....	In extending works.....	.....
10	6,780 44	19,128 22	4,291 85	12 200 00	.....	23,272 29	2,631 37	.....	Into general fund.....	.....
11	.....	.....	.....	.....	.....	.....	.....	.....	" "	.....
12	10,550 70	10,176 14	1,738 96	5,063 93	.....	17,343 59	3,383 25	.....	" "	.....
13	181,542 46	197,742 04	42,741 00	179,128 00	.....	403,411 46	.....	24,126 96	Out of general funds.....	.....
14	14,779 29	1,116 00	11,496 36	9,565 35	.....	35,841 00	1,116 00	.....	Is being carried in form of an asset.	.....
15	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16	7.074 84	11,085 82	.....	6 291 45	.....	13,366 29	4,794 37	.....	Reduction of taxes	.....
17	6 351 90	1,261 72	.....	1,200 00	.....	7,551 90	61 72	.....	" "	.....
18	300 00	123 76	282 00	632 00	.....	1,214 00	.....	1,037 76	Out of general funds.....	.....
19	2,000 00	4,000 00	630 58	1,200 00	.....	3.830 58	2,169 42	.....	Extension of works, etc	.....
20	2,100 00	1,000 00	2,382 47	.....	.....	3,382 47	.....	282 00	.....	.....

RETURN RELATING TO MUNICIPAL CORPORATIONS—*Continued.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.
21	Amherstburg—Electric lighting...	1891	3,000 00	3,000 00	1,424 65	1,575 35	.....	.....	.....	.....
22	Aurora—Waterworks.....	1887	15,000 00	15,000 00	7,400 00	7,600 00	7,600 00	750 00	50 00	800 00
23	Aylmer—Waterworks	May 1, 1901	38 000 00	38,000 00	1,372 19	37,232 46	.....	.....	1,372 19	1,372 19
24	" —Electric lighting	May 1, 1901	20,000 00	20,000 00	1,370 15	18,729 85	.....	.....	1,800 00	1,800 00
25	Barrie—Waterworks..	1898	113 000 00	113,000 00	8.528 64	104,471 36	.....	3 053 00	5,450 21	8,503 21
26	" —Electric lighting.....	1899	41,000 00	41.000 00	4,992 12	30,007 88	.....	2,484 79	6,452 91	8,937 70
27	Berlin—Waterworks	1898	140,503 62	120,000 00	9,022 98	110,977 02	.....	.....	18,115 71	18,115 71
28	Bothwell—Electric lighting	1899	7,100 00	6,000 00	833 89	5,166 11	.....	507 16	1,245 00	1,752 16
29	Bracebridge—Waterworks.....	1895	36,500 00	36,500 00	4,678 54	31,821 46	.....	....	2,811 60	2,811 60
30	" —Electric lighting and electricity supply..	1895	47.500 00	47,500 00	4,707 36	42.792 64	.....	.....	5,369 30	5,369 30
31	Brampton—Waterworks	1881	74,000 00	74,000 00	41,322 41	32,677 59	.....	.....	3,775 66	3.775 56
32	Brockville—Waterworks	Nov. 1, 1902	241,811 79	226.646 34	891 50	225 654 84	34,161 27	24,747 19	1,367 31	26,114 50
33	" —Gas	1901	85.000 00	85,000 00	6,891 77	78,108 23	.....	.....	.....	24,070 34
34	" —Electric lighting	1901	65,000 00	65,000 00	5,270 19	59,729 81	.....	.. ....	.....	13,575 20
35	Cornwall—Waterworks	1897	134 935 00	117,000 00	27,675 55	106,069 80	.....	2,450 00	8,597 61	11,047 61
36	Deseronto—Waterworks	1895	42,096 22	38,188 20	7,318 20	30,870 00	.....	.....	1,668 90	1,668 90
37	Dresden—Electric lighting.....	1901	12 087 00	10,000 00	178 32	9,821 68	....	600 00	2,082 00	2,682 00
38	Dundas—Waterworks	1882	47 573 92	42 500 00	3,223 19	39,276 81	19,217 92	.....	1,359 52	1,359 52
39	Dunnville—Waterworks.....	1891	13,000 00	6 000 00	5,754 21	2,442 08	....	.....	1,482 77	1,4-2 77
40	Essex Waterworks	1891	32,931 04	32,374 00	8,249 88	24,998 12	.....	100 00	1,488 58	1,588 58
41	Fort William—Waterworks	....	70,000 00	70,000 00	.....	70,000 00	3,291 49	1.205 00	6,151 47	7,356 47
42	" —Electric lighting ...	... .	39,000 00	39,000 00	.....	39,000 00	2,144 93	1,965 00	8,259 73	10,224 73
43	Galt—Waterworks	1892	172,944 00	163 500 00	.....	163,500 00	34,701 18	.... ..	8,434 20	8,434 20
44	Goderich—Waterworks	1887	72,000 00	72 000 00	.....	72.000 00	18,958 18	3,300 00	3,835 39	7,135 39
45	" —Electric lighting	1887	18,500 00	18,500 00	.....	18,500 00	5,337 03	1,200 00	4,402 78	5,602 78
46	Hespeler—Electric lighting and electricity supply	1900	15,483 48	14,000 00	959 08	13,040 92	.....	1,230 80	1,889 43	3,120 23
47	Kincardine—Waterworks	1895	43 497 18	41,250 00	6,150 00	35,099 90	1,474 37	2,175 00	1,596 06	3.771 06
48	" —Electric lighting	1895	13,531 77	11,250 00	1,990 23	7.010 01	953 31	1,080 00	2,222 98	3,302 98
49	Kingsville—Waterworks.....	1895	19,304 17	18,320 04	2,806 98	15 513 06	434 31	.....	533 26	533 26
50	" —Gas (natural)	1897	27,000 00	27,000 00	13,213 00	13 787 00	.....	.....	5,714 76	5,714 76
51	Lindsay—Waterworks	1900	81.917 82	79.450 00	676 66	78,770 84	.....	3,290 00	4,311 35	8,601 35
52	Meaford—Waterworks	....	23,000 00	23,000 00	2,975 29	20,024 71	.....	1,326 62	1,326 62	1,046 49
53	Midland—Waterworks	April 8, 1902	70,000 00	70,000 00	631 41	69,368 59	....	.....	616 35	616 35
54	Mitchell—Waterworks	1893	21,000 00	21,000 00	7,807 11	13,192 89	.....	....	.....	.....
55	" —Electric lighting....	1889	4,000 00	4,000 00	4.000 00	....	. .....	.....	2,000 00	2,000 00
56	Mt. Forest—Waterworks	1898	29.500 00	29,500 00	2,078 00	27,422 00	.....	900 00	1,600 00	2,500 00
57	" —Electric lighting	1901	12,000 00	12.000 00	.....	12,000 00	.....	1,100 00	3,382 20	4,482 20
58	Newmarket—Waterworks	1887	30.000 00	27,000 00	7,599 27	19,400 73	302 95	1,320 00	1,954 47	3,274 47
59	" —Electric lighting.....	1896	23,000 00	20,000 00	2,912 51	17,087 49	....	1,000 00	3,909 55	4,909 55
										8 184 02

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.		
21			240 73							
22	650 00	150 00	*975 77			1,625 77		845 77		
23			1,266 67	930 87						
24			1,000 00	471 64						
25	2,517 70	5,725 30	2,132 16	3,594 12		8,243 27	259 94			
26	6,692 81	2,244 89	1,247 78	1,152 58		9,093 17		155 47		
27	5,826 50	12,289 21	2,577 76	4,204 13	1,000 00	12,608 39	5,507 32		Extension and improvement of works	5 00
28	1,334 00	418 16	297 61	209 55		1,841 16		89 00		
29	526 83	2,284 77	721 83	1,639 88		2,888 54		76 94	Out of surplus on electric lighting	
30	1,243 15	4,126 75	1,660 99	1,844 88		4,749 02	620 28		Balance carried to general funds	
31	189 90	3,585 76	2,484 21	1,940 77		4,614 88		1,839 22	Out of general fund	
32	10,575 66	15 538 84	4,476 39	7,771 87		22,824 92	3,290 58		Extending & improving system	
33	13,834 91	10,235 43	3,009 73	3,225 70		20,070 34	4,000 00		To capital account & repairs	
34	7,606 95	5,968 25	2,301 55	2,466 70		12,375 20	1,200 00		To capital account & repairs	
35	4,782 26	6,265 35	2,560 00	3,801 99		11,144 25		96 64	Paid out of unused taxes	
36	1,876 53	207 63	715 00	1,307 60		3,899 13		2,230 23	Out of general funds	
37	1,692 00	990 00	178 32	400 00		2 270 32	411 68		Applied to maint'n'nce of plant	
38	200 00	1,159 52	918 01	2,658 85		3,176 86		1,817 34	Out of general fund	
39	931 35	551 42	523 11			1,454 46	28 31			
40	1,501 25	87 83	757 78	1,367 30		3,626 33		2,037 75	Out of General taxes	
41	4,820 92	2,535 55	594 38	2,041 57		7,456 87		100 40	By bank overdraft	
42	8,333 09	1,891 64	812 21	1,175 62		10,320 92		96 19	" " "	
43	4,603 48	3,831 72	2,746 32	6,300 00		13,648 80		5,214 60	Met out of general taxes.	
44	6,689 75	445 64		3,180 00	325 00	10,194 75		3,059 36	[Fire protection	
45	2,183 32	3,419 46		610 00	425 00	3,218 32	2,384 46			
46	3,699 68	579 45	479 52	608 34	1,446 18	6,204 83		3,034 60	From general fund	
47	1,060 00	2,711 06	818 66	1,699 50		3,578 16	192 90		Extension of works, etc	
48	2,599 06	703 92	398 05	333 25		3,330 36	27 38		" "	
49	813 03	279 77	631 73	578 23		2,022 99		1,489 73	Out of general funds	
50	3,425 62	2,289 14	1,592 76	939 76		5,958 14		243 38	" "	
51	4,789 85	3,811 40	316 49	2,068 65		8,004 99		596 36		
52	1,046 49	280 13	394 26	906 84		2,347 59		1.020 97	Out of general fund	
53	460 75		631 41	2,400 00		3,492 16		2,875 81	By direct taxation	
54	1,000 00		799 70	489 52		2,289 22				
55	2,000 00	400 00				2,400 00		400 00		
56	903 08	1,597 00	1,706 20			2 609 28		109 28	By taxation	
57	3 910 20	572 00	694 00			4,604 20		122 00	"	
58			474 95	280 92						
			356 64	378 78						
59	4,115 77	4,068 25	831 59	659 70		5,607 06	2,576 96		To general fund	

RETURN RELATING TO MUNICIPAL CORPORATIONS.—*Continued.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.
60	Niagara—Waterworks	1891	30,000 00	30,000 00	7,234 28	22,765 72		2,000 00	1,572 00	3,572 00
61	" —Electric lighting	1892	14,000 00	14,000 00	5,325 40	8,674 60		2,000 00	1,412 00	3,412 00
62	Niagara Falls—Waterworks	1884	96,500 00	96,500 00	40,514 09	55,985 91			12,400 00	12,400 00
63	" —Electric lighting	1899	71,000 00	71,000 00	3,951 83	67,048 17			15,235 25	15,235 25
64	" —Cemetery	1883	8,000 00	8,000 00	8,000 00				400 00	400 00
65	North Bay—Waterworks	1891	53,247 19	47,000 00	9,248 04	37,751 96			3,605 00	3,605 00
66	North Toronto—Waterworks	1892	54,877 39	64,877 39	239 03	64,617 36	11,655 05	4,600 00	1,021 54	6,167 48
67	" —Electric light		10,000 00						545 94	
68	Orangeville—Waterworks	1895	45,000 00	45,000 00	6,925 89	39,077 91			2,093 59	2,093 59
69	Orillia—Waterworks	1883		165,500 00	44,039 71	121,460 29		4,010 00	12,741 94	16,751 94
70	" —Electric lighting	1887								
71	" —Electricity supply	1902								
72	Owen Sound—Waterworks	1890	136,317 72	134,988 06	13,084 37	133,603 17	23,714 67	2,250 00	8,175 07	10,425 07
73	Paris—Waterworks	1882	61,070 48	45,000 00	10,223 00	34,777 00	7,250 00	2,800 00	4,500 00	7,300 00
74	" —Electric lighting	1901	17,429 39	15,000 00	503 72	14,496 28			1,103 72	4,000 00
75	Parry Sound—Waterworks	1892	35 000 00		7,052 00	27,248 00		1,110 09	2,350 00	3,460 00
76	" —Electric lighting	1901	29,000 00	29,000 00	870 00	28,130 00		950 00	5,000 00	5,950 00
77	Pembroke—Waterwork	1894	68,357 97	55,000 00	10,412 34	44,587 66		1,500 00	6,038 16	7,438 16
78	Penetanguishene—Waterworks	1891	31,386 34	29,500 00	7,500 00	22,000 00	885 00		2,278 00	2,278 00
79	Peterboro—Waterworks	1902	230,000 00	230,000 00		230,000 00	4,028 70	6,037 78	17,826 80	23,864 58
80	Petrolia Waterworks	1897	187,856 00	172,000 00	24,222 32	147,777 68		4,000 00	9 945 72	13,945 72
81	Port Arthur—Street railway	1892	115,000 00	115,000 00		115 000 00				
82	" —Electric lighting	1897	15,000 00	15,000 00		15,000 00			20,242 70	20,242 70
83	" —Electricity supply	July 14, 1902	60,000 00	60,000 00		60,000 00				
84	Port Hope—Waterworks	1896	79,654 29	50,000 00	4,403 91	45,596 09				2,638 93
85	Prescott—Waterworks		60,000 00	60,000 00	2,190 00	57,810 00		5,454 88	2,233 12	7,688 00
86	" —Electric lighting		21,000 00	21,000 00	941 86	20,050 00		1,508 85	6,562 02	8,070 87
87	Rat Portage—Waterworks	1801	165,500 00	165,500 00	11,418 19	154 081 81		2,242 50	8,693 14	10,935 64
88	Renfrew—Waterworks	1898	63,795 08	64,000 00	5,022 18	56,977 82		2,400 00	4,158 79	6,558 79
89	St. Mary's—Waterworks	1900	47,736 57	40,000 00	3.0 8 59	36,971 41				
90	" —Electric lighting	1901	19 223 88	15,000 00	1,027 55	13,972 45				
91	Sarnia—Waterworks	1876	129,050 00	129,050 00	62,367 84	66,682 16			15,904 71	15,904 71
92	Seaforth—Waterworks		11,000 00	11,0 0 00					1,006 02	1,006 02
93	Smith's Falls—Waterworks	1900	193,162 00	193,162 00	4,927 51	188,234 49				3,000 00
94	Stayner—Waterworks	1899	26,000 00	24,000 00	1,817 15	22,182 85			467 61	467 61
95	Sturgeon Falls—Waterworks	1903	19,600 45	19,600 45	648 03	18,952 42				
96	Thessalon—Waterworks	1899	13,500 00	13,500 00	1,110 30	12,389 0			1,168 00	1,168 00

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.		$ c.
60	1,813 00	1,759 00	1,000 00	953 13	.....	3,766 13	.....	194 13	Out of general fund	.....
61	2,023 00	1,389 00	700 00	423 39	.....	3,146 39	265 61	.....	To general fund	.....
62	4,500 00	7,900 00	.....	5,041 52	.....	9,541 52	2,858 48	.....	Portion used to extend works and balance paid into general fund	.....
63	11,129 32	4,105 93	.....	4,105 93	.....	15,235 25	.....	.....	No profit or loss	.....
64	900 00	500 00	.....	.....	.....	900 00	.....	500 00	Out of general fund	.....
65	2,989 00	1,616 00	958 58	1,990 33	.....	5,937 91	.....	2,332 91	By general levy	.....
66	2,725 00	1,157 52	1,325 00	3,275 00	.....	7,325 00	.....	1,157 52	Out of general fund	.....
67	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
68	575 00	.....	2,762 62	.....	.....	.....	.....	.....	.....	.....
69	7,562 54	9,189 40	4,520 46	4,442 13	.....	16,525 13	226 81	.....	To general fund	.....
70	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
71	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
72	1,577 51	8,847 56	300 86	4,897 35	.....	6,775 72	3,649 35	.....	Portion used to extend works. Balance applied to general fund	.....
73	3,000 00	1,500 00	3,000 00	2,800 00	.....	8,800 00	1,500 00	.....	To debenture debt	.....
74	2,500 00	1,500 00	503 72	600 00	.....	3,603 72	1,500 00	.....	" " "	.....
75	1,100 00	2,360 00	800 00	1,430 00	500 00	3,830 00	.....	870 00	See Col. 15	.....
76	3,500 00	2,450 00	440 00	950 00	1,000 00	5,890 00	60 00	.....	To general fund	.....
77	2,108 00	5,430 16	1,196 04	2,382 45	.....	5,685 49	1,851 67	.....	" " "	.....
78	1,050 00	1,228 00	750 00	1,321 25	.....	3,121 25	.....	843 25	.....	.....
79	4,798 68	19,065 90	4,028 70	9,687 86	199 80	18,715 04	5,149 54	.....	Part to extension of works, part to general fund	.....
80	4,634 49	9,310 23	3,460 28	6 186 34	.....	14,281 11	.....	336 11	Out of general fund	.....
81	15,113 65	5,129 05	.....	6,500 00	.....	21,613 65	.....	1,370 95	.....	.....
82	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
83	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
84	1,915 34	723 59	.....	.....	.....	.....	.....	.....	.....	.....
85	2,230 60	5,457 40	3,031 41	.....	.....	5,269 01	2,418 99	.....	Bonus to Starch Co., $2.234 88. In Treasury, $184.11	8 38
86	6,032 96	2,037 91	1,214 43	.....	.....	7,247 39	823 47	.....	.....	.....
87	4,446 85	6,486 74	3,621 54	4,814 44	.....	12,332 83	.....	1,447 19	Out of general fund	.....
88	2,500 00	4,058 79	.....	4,940 70	.....	7,440 70	.....	881 91	.....	.....
89	.....	.....	2,313 20	.....	.....	.....	.....	.....	.....	.....
90	.....	.....	1,103 70	.....	.....	.....	.....	.....	.....	.....
91	7,897 55	8,007 16	5,411 22	3,698 41	.....	17,007 18	.....	1,102 47	Out of general fund	.....
92	1,366 00	360 02	.....	.....	.....	1,366 00	.....	360 02	Out of general fund	.....
93	3,000 00	.....	.....	.....	.....	.....	.....	.....	.....	.....
94	.....	.....	454 29	933 63	.....	1,387 92	.....	920 31	.....	.....
95	.....	.....	1,801 06	.....	.....	.....	.....	.....	.....	.....
96	2,500 00	200 00	850 00	.....	.....	3,350 00	.....	.....	Out of general fund	.....

RETURNS RELATING TO MUNICIPAL CORPORATIONS.—*Continued.*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.
97	Thessalon—Electric lighting	1901	13,000 00	13,000 00	105 37	12,894 63			1,555 79	1,555 79
98	Thorold—Electric lighting		25,000 00	14,000 00	6,573 40	8,426 60				
99	Waterloo—Waterworks	1899	55,000 00	55,000 00	2,590 08	52,409 92		2,010 47	3,568 12	5,578 59
100	Welland—Waterworks	1898	51,200 00	51,200 00	17,717 79	49,749 60	16,267 39	1,050 00	3,400 00	4,450 00
101	Alexandria—Waterworks and electric lighting	1895	50,495 03	46,171 00	4,173 55	38,326 45		1,340 00	2,615 01	3,955 01
102	Acton—Electric lighting	1899	6,000 00	6,000 00			808 00	2,731 08	492 08	3,223 16
103	Beamsville—Waterworks	1894	13,000 00	13,000 00	1,870 00	11,130 00		375 00	506 00	881 00
104	Beaverton—Dock			1,500 00		1,500 00	848 72			
105	Beeton—Waterworks	1894	14,500 00	14,500 00	2,406 39	12,093 61			991 06	991 06
106	" —Electric lighting	1898	6,500 00	6,500 00	556 94	5,943 06			1,132 72	1,132 72
107	Dundalk Electric lighting	1899	6,500 00	5,000 00	1,103 70	3,896 30				1,580 00
108	East Toronto—Electric lighting	1900	11,065 39	7,500 00	489 90	7,011 10		1,250 00	250 00	1,500 00
109	Georgetown—Waterworks	1891	40,000 00	40,000 00	400 00	39,600 00			2,212 81	2,212 81
110	Hanover—Waterworks	1st Jan. 1902	26 834 28	25,000 00	2,891 50	22,108 50			332 40	332 40
111	Hastings—Electric lighting	1871	7,800 00	2,400 00	800 00	1,600 00		581 01	3,019 45	3,600 46
112	Hintonburg—Waterworks	1899	85,000 00	85,000 00	4,248 85	80 751 15			3,253 61	3,253 61
113	Iroquois—Waterworks	1901	30,000 00	28,500 00	1,146 77	27,353 23		400 00	1,067 00	1,467 00
114	" —Electric lighting	August, 1902	18.000 00	16,500 00	120 00	16,380 00		400 00	1,285 00	1,685 00
115	Markham—Waterworks	1890	10,000 00	10,000 00	3,228 55	6,771 45				
116	" —Electric lighting	1890	2,000 00		1,102 82	897 18			1,065 89	
117	Merritton—Waterworks	1887	70,000 00	70,000 00	23,265 82	44,783 77			6,303 44	6,303 44
118	Paisley—Waterworks									
119	Port Colborne—Waterworks	1898	16,000 00	16,000 00	1,545 19	14,454 81				
120	Shelburne—Waterworks	1888	18,581 18	17,000 00	3,361 87	13,638 13			412 62	412 62
121	" —Town Hall & Cemetery	1879	6,392 85	5,425 00	5,425 00				400 00	400 78
122	Stouffville—Waterworks	1898		25,000 00	2,414 00	22,586 00			315 34	315 34
123	Teeswater—Waterworks		1,200 00	9,000 00		9,000 00	5,435 00			
124	Tilbury—Waterworks	1888	15,968 92	15,000 00	8,050 00	6 950 00			1,498 11	1,498 11
125	Tottenham—Electric lighting	1902	6,000 00							
126	Weston—Electric lighting	1899	7,000 00	7,000 00	733 79	6,266 21			2,126 87	2,126 87

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.	$ c.		$ c.
97			455 87							
98			1,003 11	415 78						
99	1,673 46	3,904 54	863 03	1,835 38		4,371 87	1,206 72			
100	600 00	3,850 00	1,240 00	2,600 00		4,440 00	10 00		To general fund	
101	2,990 20		596 22	1,686 77	500 00	5,773 19		1,818 18	Out of general funds	
102	1,800 00	1,423 16		240 00		2,040 00	1,183 16		To general fund	
103	35 00	846 00		846 00		881 00				
104										
105	151 25	839 81	293 17	650 07		1,094 49		103 43	Out of general fund	
106	1,636 41	503 63	139 23	196 29		1,972 43		839 71	" "	
107	1,205 10	375 00	367 90			1,572 90	7 10		To general fund	
108	2,000 00	500 00	576 57			2,576 57		1,076 57	Out of general fund	
109	317 31	1,895 50	100 00	2,000 00		2 417 31		204 50	Out of general fund	
110	904 22	571 82	463 58	983 17		2,014 57		1,682 17	Out of general fund	
111	3,300 00	330 00	800 00	96 00		4,496 00	896 00		To general fund	
112	1,728 50	1,525 11	2,834 33	2,084 33		6,644 06		3,390 45		
113	410 00	1,067 00	556 29	1,178 61		2 134 90		667 90	Out of general fund	
114	625 00	1,060 00	165 00	660 00		1,450 00	235 00		To general fund	
115			629 86							
116	2,715 71	1,649 82	155 20			2,870 91		1,805 02	Out of general fund	
117	900 00	5,403 44	2,162 84	2,437 16		4,600 00	1,703 44		To extensions and repairs	
118	437 41	437 41						437 41	Out of general fund	
119	500 00		1,545 19	180 17		2,225 36				
120	231 50	181 12	315 00	464 37		1,010 87		598 25	Out of general fund	
121	93 42	307 36				93 42	307 36		To general fund	
122	150 82	184 52	2,414 00	4 814 56		7,359 38		7,044 04	By special rate	
123	320 00		450 00	450 00						
124	1,365 11	133 00				1,365 11	133 00			
125			441 00							
126	3,939 26	1,812 39	498 72	531 42		4,969 40		2,842 53	Out of general fund	

NOTES ON THE FOREGOING TABLES.

Brantford. (Col. 7). An average annual payment of $6,000.00 is made out of the general funds of the City into the sinking fund, and the annual profit (Col. 17) is paid into general funds. Water rates:—A minimum rate of $1.87 per annum is charged for a dwelling house not exceeding four rooms; for a dwelling house of eight rooms or over $5.00 per annum is charged. Meter rates are as follows:—When monthly average is not more than 5,000 cubic feet, 13 cents per 100 feet; from 5,000 to 15,000 cubic feet, 11 cents per 100 feet; 15,000 cubic feet to 100,000 cubic feet, 10 cents per 100 feet.

Chatham. (Col. 15) The sum mentioned, viz., $698.69, is the average annual expenditure in respect of repairs, etc. An average flat rate of $5 per annum is charged for water supply, or a meter rate of 25 cents per thousand gallons. The electric lighting plant is maintained by the city for street lighting purposes only.

Guelph. The Clerk of the City of Guelph reports that he is unable to give the figures required in the return from cols. 13 to 18; that the amount mentioned in Col. 18, viz., $52,100.00, is composed of $16,000.00 originally borrowed, and $36,100.00 which was taken out of the general funds of the city at the rate of about $1,800.00 annually, for the last twenty years, and used to extend the works; that there is no arrangement for paying interest on this $36,100, but it is in reality paid by surplus water rates, and that there is approximately an average annual surplus of $1,000.00. The rate charged for supplying water to a dwelling house of four rooms is $4.00 per annum, and 60 cents per annum for each additional room. Hotels are charged rates twice that of private houses; factories are supplied at a rate of 10 cents per thousand gallons, and liveries are charged 25 cents per thousand gallons. The City of Guelph has recently purchased the electric lighting, gas and power plant for $155,000.00, and the Guelph Street Railway for $78,000.00.

Kingston has a graduated scale of rates for water furnished to dwelling houses based on the assessed value of the buildings supplied. A minimum rate of $4.25 is charged for a house assessed at $500.00 or under, $5.50 for a house assessed at above $500.00 up to $700.00, etc., etc. Meter rates begin with a charge of 30 cents per 100 cubic feet where the quarterly consumption of water is 1,000 cubic feet or under, 27 cents per 100 cubic feet for 2,000 cubic feet or under.

London. Of the amount of borrowed capital given in Cols. 4 and 6, the sum of $534,628.94 is included in the Consolidation of the City Debt by Special Act of 1891, and debentures for a further sum of $60,000.00 were issued for waterworks purposes under Section 11 of the said act, for which a fully sufficient sum is year by year set aside, $6,257.38 being included in the annual amount for sinking fund for this purpose. Debentures have since been issued in respect to waterworks amounting to $205,000.00, and the separate sinking fund against them amounted on December 31st, 1903, to the amount given in Col. 7. (Col. 19). An average amount of $7,091.71 is expended annually in extension of the works, the balance of the surplus (Col. 17) is paid into the general city funds.

Water rates:—Dwellings, not exceeding three rooms, $5, for each additional room 75 cents. Meter rates:—Minimum rates for hotels and saloons, including meter rent, $6.25 per quarter, gross. General rates:—15,000 cubic feet, per quarter, 15 cents per 100 cubic feet. Above 100,000 cubic feet per quarter 5 cents per 100 cubic feet.

Ottawa. (Col. 13) Paid into sinking fund. The rate of $4 per annum for each $1,000 of assessment is charged for water. When metered the rate charged is 10 cents per 1,000 gallons, together with a meter rent of $3.50 per annum for ¾-inch meter, running to $45 per annum for 4-inch meter. Under exceptional circumstances, water is supplied to buildings outside the limits of the city, and 25 per cent. in excess of the regular rates is charged.

St. Catharines. Col. 10) Average annual income. The municipality has received in dividends from Gas Company stock from 1860 to 1902, inclusive, $100,460.70. Water rates :—Dwellings, 4 rooms, $3.50; 5 rooms, $4; for each additional room, 50c, up to 7 rooms; 8 rooms and upwards, $6. Meter rates :—100 cubic feet or less per day, 2c per 100; from 100 to 300 cubic feet per day, 10c per 100; 2,000 to 2,500 cubic feet per day, 5c per 100; in excess of 2,500 per day, 3c per 100 cubic feet.

St. Thomas. Water is supplied at $3.50 per annum for a house not exceeding 4 rooms, and 50 cents for each additional room. A general charge is made of 12 cents per 100 cubic feet for water supplied through meter, with a scale of discounts commencing at 20 per cent. where 1,500 cubic feet or less is used, the discount increasing in proportion to the quantity used. Double rates are charged for water supplied outside the limits of the city, and from this source about $200 represents the annual average revenue derived. St. Thomas took over the street railway system during the latter months of the year 1902.

Toronto. A minimum rate of $1.50 is charged for water, increasing 25 cents for each additional room and 25 cents for each additional inmate. Meter rates :—For manufacturing purposes, 6¼ cents per 1,000 gallons; for brewers, 8¾ cents per 1,000 gallons; for swimming baths, 12½ cents per 1,000 gallons; churches, distilleries, laundries, private houses and all other purposes, 15 cents per 1,000 gallons. Twenty-five cents per 1,000 gallons is charged for water supplied to persons residing outside the city limits. A rental is charged for meters as follows :—¾-inch meter, $4, increasing to $60 for a 6-inch meter. Water is supplied on Toronto Island, commencing at a minimum rate of $5 when used for domestic purposes.

Windsor. The City Clerk reports that the waterworks system is controlled by a Board of Commissioners, who provide the annual payments of principal and interest on the waterworks debt and pay all the cost of maintenance, operation and repairs, and contribute nothing towards the items mentioned in Column 21. The electric lighting system is maintained for the purpose of lighting streets and municipal buildings only.

Woodstock. (Col. 2) The waterworks system was maintained from 1885 to 1890 for fire-protection purposes only, and from the year 1890 water has been supplied to consumers. The rate for water supplied to

NOTES ON THE FOREGOING TABLES.—*Continued.*

private dwellings is $5 per annum for the first faucet, and $1 for each additional faucet. Hotels having not more than 14 rooms are charged at the rate of $1.50 per room, and $1 for each additional room. Meter rates, for the first 100,000 gallons 25 cents per 1,000 gallons, the second 100,000 gallons or less, 20 cents per 1,000 gallons, down to 12 cents per 1,000 gallons where the consumption is 500,000 gallons or over.

Acton. Return incomplete. 11 cents per 1,000 watts charged for electric lighting.

Alexandria. Water Works and electric lighting installed at the same time, and operated by the same power and employees. Water rates:—For kitchen use $6.00, bath $1.50, lawn $1.50. Lights average $3.00 each yearly.

Alliston. Water is supplied to hotels at $10 per annum for the first faucet, and $1.50 for each additional faucet. Dwelling houses are charged $1.50 for the first faucet and $3 for bathroom. Water for lawns is charged for at the rate of $3 for 3-16 inch nozzle and $4 for ¼ inch nozzle per 1,000 feet.

Almonte. (Col. 12) Amount paid annually into sinking fund. (Col.19) A portion of the surplus is used in extension of plant, and a portion is used for constructing permanent foot-walks. Consumers are charged 20 cents per month for 16 c.p. lamps, and 12½ cents per month for 8 c.p. lamps. Street lighting is charged for at the rate of 20 cents for each 2,000 c.p. arc lamp per night.

Aylmer. (Col. 8) A charge of $5,241.37 is made against the Town in respect of pumping water, lighting the streets and the town hall, and for power and light supplied under an arrangement with the municipality to a shoe factory. (Col.9) The annual income from waterworks and electric lighting is deposited in the general fund, and the annual working expenses (Col. 11) and annual payments of principal and interest come out of the gereral fund. The Clerk reports: "On the 31st December, 1902, there was received from all sources for electric light the sum of $6,006.24, and paid out the sum of $7,532.88, the balance and the yearly annual payment of $1,471.64 being met from the general fund."

Barrie. (Col. 17) Surplus on water works is kept for any emergency or to cover a shortage should it occur. (Col. 18) Shortage in respect to electric lighting is left in abeyance, the management hoping to pay it off from earnings. Water rates:—For a dwelling not exceeding five rooms, one faucet, the rate is $5.56; for each additional faucet $1.11 is charged. Meter rates:—From 11 cents to 33 cents per 1,000 gallons, according to the quantity used per diem.

Beamsville. (Col. 14) Includes principal. The rate is charged for water, average is $5.00 yearly.

Beeton. (Col. 8) The sum of $525.00 is received annually from the Grand Trunk Railway Co. for water. Water rates:—$5.00 per annum for first faucet, $1.00 for each additional faucet, bath and basin $1.00. Hotels, two faucets $10.00, hotel stables $10.00, lawns $2.00. Electric lighting rates:—Dwellings, one light 16 c.p. $4.80; two lights $4.50 each, three lights $4.00 each, hotels and shops $5.50 each light. Meter rates 11 cents per 1,000 watts.

Berlin. (Col. 8) About $5,500 is the average annual amount charged to the corporation for street watering and hydrant rental. Water rates:—Kitchen use $5.00, each additional faucet $1.00. Meter rates:—(Exclusive of meter rent, which is $10 per year) from 6 cents to 30 cents per 1,000 gallons, according to the quantity used per diem. Gas works and electric lighting plant were taken over by the corporation on July 1st, 1903.

Bothwell. (Col. 19) Left outstanding in expectation that future profits will wipe out this deficit.

Bracebridge. An average rate of $6 per year is charged for water, and $3 per year for electric lighting. The municipality commenced supplying the electrical power to manufacturers during the year 1903 at $12.50 per horse-power per year.

Brampton. Water rates:—Dwellings not exceeding eight rooms, one faucet, $5.56. For an eight-room dwelling, one faucet, $6.67; each additional faucet, $1.12. Meter rates:—100 to 500 gallons per day, 33 1-3 cents per 1,000 gallons. A minimum rate of 18 cents per gallon is charged where consumption is from 10,000 to 20,000 gallons per day, then rising again to 33 1-3 cents per 1,000 gallons where 40,000 gallons or over are used. Meter rents from $1 to $5, according to gauge.

Brockville. (Col. 9) Includes premium on debentures (Col. 11) Includes yearly grant to corporation of $1,200. (Col. 13) Includes accruing interest of sinking fund. Gas rates:—$2 per 1,000 feet is charged when used for illuminating purposes and $1 per 1,000 feet when used for fuel. Electric light is supplied at 10 cents per 1,000 watts.

Dresden. Electric light rates:—Fifty cents is charged to stores and 25 cents to dwelling houses for each 16 c.p. light.

Cornwall. Water rates:—Dwellings not exceeding five rooms, one faucet, $5; over five rooms, one faucet, $6; each additional faucet, $1. Meter rates:—From 10 to 25 cents per 1,000 gallons, according to quantity used per diem. The revenue derived from water supplied to consumers outside the limits of the municipality averages annually $1,860.

Dundas. Water rates:—Dwellings of six rooms, $6 per annum; over six rooms, $8; bath, $2 extra. Meter rates:—Manufacturers are charged 10 cents per 1,000 gallons; others 25 cents per 1,000 gallons.

Dunnville. Return incomplete.

Essex. Water rates:—Dwellings not exceeding six rooms $7 per annum, over six rooms $8.00 per annum, livery stables $25.00 per year, and hotel stables $12 per year; 25 per cent. discount is allowed off the foregoing rates when paid quarterly in advance.

Galt. (Col. 8) Town Clerk reports: "Regarding the item of street watering and fire protection, I would say that there has not been any credit made in the books of the municipality in respect to water used for this purpose, with the exception of last year, when the sum of $303.95 was credited for street watering. As for fire protection, it has been considered that the sum of $5,500 might fairly be charged the town for this service, there being 129 fire hydrants." Water rates:—Dwelling, six rooms and under, $5.00 per annum; seven rooms and over, $7.00 per annum; discount of 20 per cent. allowed for prompt payment. Meter rates:—50 cents per 100 cubic feet, users must pay a minimum net rate of $6 per annum.

Goderich. The income from both systems is placed in the general revenue out of which interest on debentures is

NOTES ON THE FOREGOING TABLES.—*Continued.*

paid, thus the income upon these undertakings is not directly applied to either interest or sinking fund. (Col. 14) this shows the average annual payments of interest on debentures for the last four years. Water rates:—Dwellings, six rooms, $6; each additional room 25 cents. Hotels, first five rooms, including bar, $10; for each additional room up to 30, 75 cents each; for additional rooms over 30, 50 cents each. Meter rates:—1,000 cubic feet and under $3.20, increasing to $11.20 for from 19,000 to 20,000 cubic feet; for each additional 1,000 cubic feet above 20,000, 40 cents.

Hespeler.: Electric lighting rates —Electric current is supplied to consumers for lights up to five in number, for residences, one 16 c.p. light, 18 cents per week; two 16 c.p. lights, 28 cents per week; 5 c.p. lights, 60 cents per week. For stores a slightly increased charge is made. Sixty per cent. discount is allowed where payment is made promptly. A rental of 15 cents per month is charged for meters.

Kincardine. Water rates :—Dwellings not exceeding five rooms, one faucet, $5 pear year; over five rooms, one faucet, $6 per year; each additional faucet, $1. Residences, two lights, $4 per annum each per 16 c.p. lamp; tnree lights and over, $3 each per annum per 16 c.p. lamp.

Kingsville. Waterworks :—(Col. 8) $650 should be credited to waterworks account for fire protection and street watering. Water rates :—Dwellings, $5 per annum; bath, $2 per annum; lawn, $2.50 per annum; steam boilers, $8 to $13 per month; livery stables, $15 to $20 per annum. The supply of natural gas having practically failed, the gas works are now unproductive.

Lindsay. (Col. 15) No money has yet been set apart for depreciation, but there is the sum of $3,4a2.88 credited on profit and loss account. Water rates:—Dwellings not exceeding five rooms, one faucet $5.00; over five rooms, one faucet, $6.00; each additional faucet, $1. Meter rates:—1 to 500 gallons per day, 25 cents per 1,000 gallons; 500 to 1.000 gallons per day, 42 cents per 1,000 gallons; 85.000 gallons and over, 4 cents per 1,000 gallons. Meter rents:—From $3 to $6, according to guage.

Meaford. Water rates:—$4.00 for each tap.

Midland. (Col. 9) Although no actual charge is made in respect of water supplied for fire protection purposes the Town Clerk reports that a credit should be made to the undertaking of $900 in respect of this service. Water rates:—First faucet, $6 per annum; each additional faucet, $1; lawns, $3 per annum.

Mitchell. Waterworks and electric lighting plant have the same station, and one engineer attends to both undertakings with the assistance of the electrician. Electric light rates:—Window lights, incandescent, 16 c.p. constant, $6 each per year; inside store lights, $5 each per year; house lights, $4 per year; bedroom lights, $2 per year; arc lights, $35 per year.

Mt. Forest. (Col. 13) These amounts include payments of interest and principal. Water rates:—Dwellings, first faucet, $5; each additional faucet, $1; boarding houses, first faucet, $6; each additional faucet, $1; hotels, 14 rooms and under, first faucet, $14; each additional room, 50 cents; bar-room, in addition, $8, and in no case less than $20 for any one hotel. Meter rates:—For private dwellings and other services per 1,000 gallons, 35 cents. Rent of ¾-inch meter, $3.50 per annum. Electric light rates:—From 1 to 3 16 c.p. lights for dwellings, $10 per year; for 10 16 c.p. lights per year, $19.50; each additional 16 c.p. light, $1.25 per year. Hotels, from 1 to 5 16 c.p. lights per year, $35; up to 25 16 c.p. lights per year, $142; for each additional light, $1.50.

Newmarket. (Col. 11) The waterworks and electric light plant are driven by the same battery of boilers; it was, therefore, found impossible to separate the two undertakings. Water rates:—Dwellings, first faucet, $6 per annum; second faucet, $1; baths, $2; hotels, for the first 10 rooms (exclusive of bar, for which $10 is charged), $2 per annum; for the second 10 rooms or less, $1. Meter rates:—20 cents per 1,000 gallons; if outside the limits of the municipality, 30 cents per 1,000 gallons. Meter rental starts at $2 for ½ or ⅝ inch up to 6 inch, for which the rental is $100.

Niagara. Water rates:—Dwellings, $6 for one faucet (plain); for screw faucet, $4 extra; bath tub, $2; hotels, $6 for one plain faucet, up to and including 5 rooms; $1 for each additional room; bar-room, $5 per plain tap. Electric light rates:—10 cents per week for each 16 c.p. lamp; 10 cents additional for each additional 16 c.p. of lamp.

Niagara Falls. (Col. 8) $2,276 charged the town for water for general purposes. (Col. 12) These sums include both principal and interest. (Col. 19) The object in carrying on the cemetery is not profit, but to make expenses light and rate low. The village of Niagara Falls is supplied with water from the town waterworks and the sum of $1,350 received therefor. Water rates:—Dwellings, all ordinary purposes, $5 per annum. Meter rates:—1,000 gallons daily average or less, 12 cents per 1,000 gallons; up to 25,000 gallons and over per day, 3 cents per 1,000 gallons; 50 per cent. additional to consumers outside the limits of municipality. Meter rent:—½-inch guage, $1 per quarter; 6-inch guage, $7 per quarter.

North Bay. (Col. 8) No charge is actually made for water supplied the corporation, but the value of this service is estimated at $750. Water rates:—Dwellings, 4 persons and under, and 5 rooms and under, $7, increasing 50 cents for each additional room and 50 cents for each additional inmate. Meter rate:—10,000 cubic feet, $—. Discount of 10 per cent. allowed for prompt payment.

North Toronto. The waterworks and electric lighting systems are operated together, and the figures in columns 4 to 8 inclusive, and 10 to 18 inclusive, refer to both systems. Water rates:—The average for domestic purposes, $3 net per year; for special purposes, $2 net per year.

Orangeville. (Col. 8) No amount is actually credited to the undertaking for water used by the corporation, but it is estimated that $825 per annum should be credited. (Col. 13) Includes principal and interest. (Col. 18) Approximate net loss about $400. (Col. 19) Paid out of general fund. Water rates:—Dwellings, 6 rooms and under, $5 per annum; each additional room, 50 cents. Hotels, 12 rooms (bar-room reckoned one room), $15 per annum, each additional room up to and inclusive of 20, 50 cents each. Meter rates:—35 cents per 1,000 gallons. Rent of meter, $3.

Orillia. Waterworks and electrical plant are operated together, and the figures given include both systems.

NOTES ON THE FOREGOING TABLES.—*Continued.*

Owen Sound. (Col. 4) Of this sum $12,686.19 is unexpended. Water rates:—Dwellings, one tap, $4. Meter rates:—250 gallons or less per day, 27 cents per 1,000 gallons; up to 2,000 gallons and over per day, 8 cents per 1,000 gallons.

Paris. Meter rate for electric light, 10 cents per 1,000 watts.

Parry Sound. Electric light rates:—Average, 25 cents per month per 16 c.p. lamp for domestic use.

Pembroke. Water rates:—Dwellings, 5 rooms, $6; for each additional room, $1. Meter rates:—3,000 cubic feet, $3; each additional 1,000, 50 cents.

Peterborough. Water rates:—Dwellings, 4 persons and under and 5 rooms and under, $6; 50 cents for each additional person and 50 cents for each additional room. Hotels, 5 rooms, $12; each additional room, $1. Meter rates:—From 100 to 500 gallons per day, 35 cents per 1,000 gallons; up to 20,000 gallons and over per day, 15 cents per 1,000 gallons.

Petrolia. Water rates:—$6 for 6-roomed dwelling, 1 tap; 75 cents each additional room; bath, $3; basin, $1.

Port Arthur. The electric railway and electric lighting systems were operated up to December 31st, 1902, as one undertaking, having the same power house and staff of employees, except conductors and motormen on street cars. Separate accounts were not kept, so that the figures respecting income and expenditure are combined in the return. Electric light rates:—1,000 watts, 20 cents, 60 per cent. discount when supplied by meter, or 2 to 4 cents, less 50 per cent. flat. Meter rent is charged in addition.

Port Hope. Incomplete. Water rates:—From 10 cents to 25 cents per 1,000 gallons according to quantity used. The town owns $13,750 stock in the gas works, the average annual dividend from which amounts to $515.62. It also owes $60.000 in respect of the harbor, docks and piers, the annual expense connected with which amounts to $650.

Prescott. (Col. 13) Includes principal and interest. A bonus of 100,000 gallons of water daily is given to the starch works and 100 electric lights nightly.

Rat Portage. Water rates:—$12 per annum for 5-roomed house.

Renfrew. (Col. 14) Includes principal and interest. Water rates:—Dwellings, 5 rooms and under, $5; each additional room, 50 cents. Hotels, 6 rooms and under, $5; each additional room, 50 cents; bar-rooms, each $10. Manufacturers, 10 cents per 100 cubic feet; minimum, $20 per annum.

St. Marys. Return incomplete. The Town Clerk states:—"As waterworks and electric light works are run together it is difficult to say as to share of profits, but generally speaking it is safe to say the electric light yields a fair profit, and the waterworks a good deficit."

Sarnia. Water rates:—Dwellings, 3 rooms and 4 inmates, $3 per annum; 50 cents additional for each room, and 50 cents additional for each inmate, up to 12 rooms and 12 inmates, after which 25 cents is charged for each additional room and 25 cents for each additional person.

Seaforth. (Col. 9) Waterworks system is maintained for fire protection purposes, and no revenue is derived therefrom except $350 received from the Grand Trunk Railway, and a small annual income from water supplied for lawns, users being charged $5 per year therefor.

Dundalk. (Col. 13) Includes interest.

East Toronto. (Col. 13) Includes interest. Electric light rates:—10 cents per 1,000 watts

Hintonburg. (Col. 19) A special rate to raise the sum of $4,915.56 is levied annually upon all rateable property to meet debentures, while profit (after paying running expenses) from rates charged for water supplied is used for general purposes. Water rates:—On every house or building or land assessed at $300 or less, $6 per annum; from $300 to $1,000, $10 per annum; for each additional $250 or fractional part thereof, $1.

Iroquois. Water rate:—Dwellings, $6; lawn, $2. Electric light rate:—Dwellings, $1.50 for each 16 c.p. lamp; commercial rate, $2.50 for each 16 c.p. lamp; churches and halls, $1 for each 16 c.p. lamp.

Markham. The waterworks are maintained for fire protection purposes only. There is one station for the waterworks and electric lighting plant. (Col. 11) shows the working expenses of both undertakings for the year 1902. The rate for electric lighting is 10 cents per week for each 16 c.p. lamp.

Paisley. Waterworks maintained for fire protection purposes only.

Port Colborne. Return incomplete. Water rates:—$4 per faucet.

Smith's Falls. Return incomplete. A minimum rate of $5 per annum is charged for water for a dwelling of seven rooms or under.

Stayner. (Col. 3) The amount received is proceeds of debenture issue of $24,000. (Col. 7) Town Clerk reports:—"Expense of running is so far practically nothing." A minimum water rate of $4 is charged for the first faucet, and $1 for each additional faucet.

Sturgeon Falls. It will be observed that this undertaking was only commenced in 1903. (Col. 13 includes principal and interest.

Teeswater. The waterworks system maintained for fire protection purposes only.

Thessalon. (Col. 11) This includes cost of operating electric light plant as the two works are run together. (Col. 13) includes principal and interest. Charge for electric lighting, $3 per 16 c.p. lamp.

Tilbury. (Col. 5) This is merely an estimate, as waterworks debt was consolidated with other debts in 1896, and it is therefore impossible to ascertain accurately the amount applicable to waterworks. (Col. 6) also an estimate. (Cols. 13 and 14) these are also estimates.

Tottenham. Return incomplete; 10 cents per 1,000 watts is charged for electric light.

Waterloo. Thirty cents per 1,000 gallons by meter, with 10 per cent. discount therefrom if paid promptly.

Weston. The Town Clerk reports:—"We have 17 arc lamps and about 20 16 c.p. incandescent lamps on the streets. After our income from house lights we levy in taxes for the balance to pay for street lighting, debentures, etc." The above figures are for two years, 1901 and 1902. Electric light rates:—Eight c.p. lamps, 10 cents per month, 16 c.p. lamps, 12 cents per month.

SUMMARY.

Blank return forms were mailed by the Provincial Secretary's Department to 254 municipalities, including 14 cities, 106 towns and 134 villages. On the 18th of November, 1903, 12 cities had made return, and all but one (the city of Stratford) had been carrying on reproductive undertakings prior to December, 1903. Two cities, viz., Belleville and St. Catharines, had not made return.

Of the towns, on the 18th of November, 1903, 90 had made return, and 16 had not been heard from. Of the 90 which had made return 57 had been carrying on public utilities, and 33 had not.

Of 134 villages 118 had made return on the 18th of November. Of these 21 had been carrying on reproductive undertakings and 97 had not. Sixteen villages had not been heard from.

A number of the municipalities communicated with have reported that they were either constructing or purchasing waterworks or electric lighting plants, as follows:—The City of Stratford has recently taken over the waterworks system. The Town of Gravenhurst has purchased an electric lighting plant. The Town of Hawkesbury is constructing waterworks. The Town of Palmerston is purchasing an electric lighting system. The Town of Strathroy has purchased waterworks and an electric lighting plant. The Town of Listowel has maintained a waterworks system for fire protection purposes only, respecting which no figures have been supplied. The Village of Port Perry is constructing waterworks and an electric lighting plant. The Village of Southampton is constructing waterworks. The Village of Alvinston maintains a waterworks system for fire protection purposes only, the power for the same being furnished by the Grand Trunk Railway Company at the rate of $1 per hour.

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